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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

16-plus plan to replace GCE

Government has proposed ...ale 16-plus examination to ...re General Certificate of ...ation 'O' levels and the ...ficate of Secondary ...ation.

... system would give an ...cedented role to employers, unions and parents in con...g the examination, ...ned by Shirley Williams, ...tion Secretary.

... two-tiered control ...anism would supervise four ...e boards administering the ...—to be called the General ...ficate of Secondary Educa... Given Parliamentary ...val, it could be introduced ...e mid-80s. Back Page, ...rial comment, Page 18

...ways income ...uld rise £2m'

...h Airways could earn an ...£2m a year with its quieter ...such as the TriStar, if the ...e curfew" at London ...row was reduced by an ...at each end of the day, ...ding to Gerry Draper, BA's ...ercial operations director. ...7

...ycott verdict

...hire county cricket com... decided to "ignore" ...ents made by Geoffrey ...tt on a television show but ...med his dismissal from ...aptaincy. Boycott leaves ...ht for Australia with the ...and touring team.

...unda joins in

...ia's President Kaunda has ...sed Joshua Nkomo's rejec... of an all-party conference ...odesia. Zambia would have ...ng to do with "what Smith ...agreed in Washington, ...d our backs." Page 4

...LT progress

... Vance, U.S. Secretary of ... had three hours of talks ...Soviet Foreign Minister ...yko in Moscow amid signs ...significant progress has ...made on Strategic Arms ...ation. Page 3

...dicate' call

...than a third of the people ...oned by Opinion Research ...e for this week's Woman ...zine believe the Queen ...d abdicate in favour of ...e Charles.

...als study

...World Wildlife Fund is to ... out a study of grey seals ...he Orkney Islands and ...nt it to the Government. ...while, 25 members of the ...Saboteurs' Association are ... to stop the local cull of seals.

...nt charges

...members of the National ...appeared in court charged ...making an affray near the ...'s offices in Shoreditch, east ...on. Three were bailed and ...who is also charged with ...ng grievous bodily harm, ...remanded in custody.

...era deficit

...annual report of the Royal ... House, Covent Garden, ... a deficit of £376,000 for ...8. Another deficit seems ...n this season. Page 17

...efly ...

...e Charles began a five-day ...to Yugoslavia.

... police said a man shot and ... his eight-year-old son, ...king him for a burglar.

...of rationing is being ...ht in to fight Greenland's ...ic drink problems.

...ty people were wounded ... police fired on strikers in ...nadu, India.

...will get free medical checks ... a proposal from the ...ons services select com...e.

...um Richards, 63, former ...er Manchester Chief ...able, died suddenly.

BUSINESS

Equities down 4.6; Gold loses $½

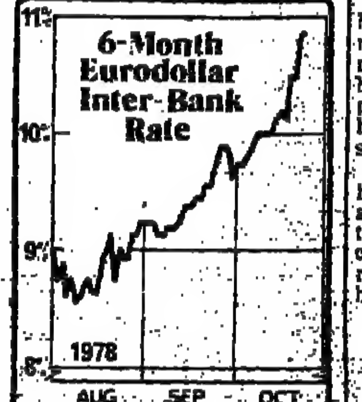
● EQUITIES were still restrained by labour and pay considerations and the FT ordinary index closed 4.6 down at 495.6. Golds were unsettled and the Gold Mines index closed 7 points down at 153.1.

● GILTS trading was patchy and the Government Securities index fell 0.14 to 69.55.

● STERLING remained above the $2 mark throughout trading and closed 60 points up at $2.0075. Its trade-weighted index was 62.1 (61.9). The dollar's depreciation widened to a record 11.4 per cent (11.2).

● GOLD fell $½ to $227¼ in London and in New York the Comex October settlement price was $225.80 ($227.70).

● SIX MONTH Eurodollar rate closed at the same levels as last Friday, 1011/16-⅝ per cent after



a peak during the day of between 11-11¼, the highest level since 1974. Page 31

● WALL STREET was 1.65 up at 839.66.

● U.S. TREASURY bills: threes fell to 7.9 per cent (8.209); and sixes 8.612 per cent (8.561). Chemical Bank, the sixth largest U.S. bank has raised its prime rate from 10 per cent to 10¼ per cent.

● PRICE COMMISSION chairman has again called for moderate pay settlements in order to keep inflation rate within single figures in the coming year. Page 8

● BSC is to put into mothballs next Spring two direct reduction plants—the first of their kind in Britain—which are being built at a cost of £60m at Hunterston in Ayrshire. The decision reflects the depressed demand for steel. Back Page and News Analysis, Page 8.

● CONTINETAL CAN (UK), a newly formed British subsidiary of Continental Group of the U.S. plans to spend £15m on manufacturing plant in the Wrexham area of North Wales. Last year a reciprocal agreement with Metal Box, the U.K. can producer ended, allowing Continental to produce in the UK. Page 7

● BANK STAFF representation report has come out in favour of a TUC-affiliated trade union in the finance industry with a membership of more than 200,000. The report is expected to have widespread repercussions on union recruitment in clearing banks, insurance companies and building societies. Back and Page 10

● SCOTTISH lorry drivers union negotiators have rejected a Phase Four 5 per cent pay offer from the Road Haulage Association. The drivers are seeking rises of between 20 and 30 per cent. Page 10

● FRENCH dockers and merchant seamen have brought French port activity to a virtual halt in separate disputes over pay and the hiring of cheap Asian labour. Page 3

● PAN AMERICAN profits continued to rise during the third quarter, with a 54.3 per cent increase in net earnings to $101.3m. ($65.6m) on operating revenue 19.5 per cent ahead at $872.3m. Page 31

...EF PRICE CHANGES YESTERDAY

...es in pence unless otherwise indicated)

RISES:

...l Irish Banks ...	229	+ 8
...of Ireland ...	445	+ 12
...e's ...	37½	+ 3
...on (Sir Joseph)	26	+ 2½
...rds (Louis C.)...	10	+ 3
...iew Ests. ...	137	+ 5
...um & Mason ...	850	+ 110
...shawe ...	55	+ 13
...as (J.) ...	159	+ 5
...horn Leslie ...	78	+ 4
...land Distilleries	147	+ 7
...Cooper ...	175	+ 10
...O'Ferrall ...	89	+ 4
...ill ...	30	+ 3
...Darby ...	116	+ 5
...ier Est. ...	163	+ 6
Wolstenholme Bronze	290	+ 12
Rosehaugh ...	214	+ 9

FALLS:

Exchequer 12% 99-02	£95	— ¼
Exchequer 9¼% 1982	£90⅞	— ¼
Bowater ...	187	— 4
Brown (J.) ...	450	— 5
Cole (R. H.) ...	108	— 15
Dawson Intl. ...	200	— 6
Mothercare ...	160	— 8
Anglo American Gold	£16⅞	— 1½
Bishopsgate Platinum	110	— 5
De Beers Defd. ...	386	— 12
ERGO ...	328	— 15
Free State Geduld ...	£15¾	— 1½
President Brand ...	870	— 75
President Steyn ...	760	— 80
Rustenburg Platinum	105	— 7
Vaal Reefs ...	£12⅞	— ⅞
Western Mining ...	133	— 8

Callaghan resists party challenge on monetary system

BY RICHARD EVANS, LOBBY EDITOR

The Prime Minister firmly resisted Labour Party attempts yesterday to force the Government to reject membership of the European Monetary System under all circumstances and to compromise on its defence of the 5 per cent pay guideline.

An aggressive Mr. Callaghan was particularly forceful in his insistence that the 5 per cent norm must stand unless something equally effective took its place. He clearly pinned the Labour Party's electoral prospects on the maintenance of single-figure inflation.

"I am going to the country on this and you can get rid of me if you will," he declared toward the end of what was at times a stormy joint meeting of the Cabinet and Labour's National Executive Committee at 10, Downing Street.

The deep divisions in the party on whether Britain should join the proposed system emerged in an attempt by Mr. Anthony Wedgwood Benn, the Energy Secretary, to commit the Government against entry under all circumstances.

To the Prime Minister's fury Mr. Benn, a passionately committed anti-Marketeer, made his move before the Cabinet itself had discussed the Government's position, even though Ministers had been warned to be circumspect.

Mr. Callaghan said Mr. Benn had advanced his own viewpoint, and warned the Energy Secretary that if he continued his campaign once collective Cabinet responsibility was in operation he would face dismissal.

"Any member of the Cabinet coming out against the decision would have to face the consequences," he declared.

To everyone's astonishment Mr. Benn, who had called for EMS to be opposed in the Queen's Speech next week, replied: "That is entirely a matter for you, Prime Minister. It is nothing to do with me."

The exchanges show that Mr. Benn has decided to take on once more the role of the vociferous Left-winger and anti-Marketeer in the belief that the tactic will benefit him in Labour Party terms.

He was on reasonably firm ground yesterday, partly because the Cabinet does not start its discussion of the monetary system until Thursday, and partly because the NEC was overwhelmingly opposed to Britain's joining any form of monetary scheme.

But Mr. Benn's outburst means that he will be in a very difficult position should the Cabinet come down in favour of joining the system on revised terms. He has made his total opposition clear.

The joint meeting, called ostensibly to discuss the Queen's Speech for the final session of Parliament and relations with Europe, turned into a running conflict between Mr. Callaghan and the Left-dominated Executive.

The Prime Minister refused to be steam-rollered not only on EMS and on the 5 per cent pay guideline but also on NEC demands for monthly meetings with the Cabinet.

He hoped that no one would gain the impression that the NEC "was a co-Government or an alternative Government."

The three-hour meeting, dominated by Mr. Callaghan's and Mr. Healey's defence of the Government's economic policies against an onslaught from a majority of the executive, showed the increasing isolation of senior Ministers from the ruling body of the Labour Party.

In his defence of the five per cent pay guideline, Mr. Callaghan said that the policy would not lose Labour political support, as the electorate wanted to beat inflation and thought the Government was doing a good job.

On the monetary system, potentially a highly divisive issue in the Labour Party, Mr. Callaghan was obviously sceptical, but insisted that no decision had been reached by the Government.

He remained in favour in principle, provided the conditions were right.

He said that several key questions remained to be answered, including whether it would bene-

Continued on Back Page

Sadat presses for clearer treaty draft on West Bank

BY OUR OWN CORRESPONDENT

CAIRO, Oct. 23

PRESIDENT Anwar Sadat of Egypt is not satisfied with the final Egyptian-Israel draft peace treaty, which he has sent back to Washington. He apparently wants clearer legal terminology linking the treaty to firm progress on the West Bank and Gaza.

Foreign Ministry officials in Cairo were at pains to stress that the Egyptian move should not be construed as a rejection of the draft. "The differences are on legal wording, not on principles," they said.

President Sadat has described the linkage question as the crucial issue in the talks. He seems anxious, particularly in the light of the planned Arab summit in Baghdad, where moderates as well as hardliners will be present, to show that Egypt is maintaining its commitment to solving the Palestinian question.

Saad Zaghloul Nassar, Mr. Sadat's spokesman, would not go into details today, merely saying the Egyptian delegation in Washington had been instructed to give further study to the draft "in some of its parts. This study is necessary before the treaty can be ready for signature."

He said Mr. Sadat reached the decision after making a thorough study of the draft with Mr. Mustapha Khalil, his new Prime Minister, and Mrs. Amal Osman, Minister of Social Affairs and an expert in international law.

The apparent link between the treaty and development in the West Bank and Gaza was not strong enough to prevent Mr. Moshe Dayan, the Israeli Foreign Minister, from telling reporters that the treaty "stands on its own" and "is not conditional or depending on any other agreement."

David Lennon reports from Jerusalem: The Israeli Cabinet met this evening for a crucial debate on the draft treaty and it is possible that the debate will continue tomorrow.

The Israeli negotiators believe that if the Cabinet approves the settlement terms which they brought back from Washington on Monday a peace treaty could be completed within days of their returning to Washington.

No date has been set for signing the document, but if last-minute difficulties are overcome both sides have discussed the possibility of a joint ceremony in Cairo and Jerusalem on November 19, the first anniversary of President Sadat's visit to Jerusalem.

Both Mr. Dayan and Mr. Ezer Weizman, the Defence Minister, expressed optimism when they returned from the negotiations on Monday and their presence will be useful to Mr. Menachem Begin, the Prime Minister, in helping to persuade waverers

Continued on Back Page
Saudis play moderating role Page 4

Vauxhall lorry men reject strike

BY CHRISTIAN TYLER, LABOUR EDITOR

WORKERS AT Vauxhall Motors truck plant in Dunstable, Beds., yesterday revolted against their shop stewards and voted down their unions' call for a company-wide strike from November 1.

The decision by a mass meeting of the 3,000 Dunstable workers suggests that there may be a much bigger revolt today at Luton where 13,000 men are due to give their verdict on the strike threat.

There have been persistent rumours and some demonstrations of shopfloor disaffection with the union negotiators' decision to give strike notice in order to force a pay policy busting offer from the company.

About 8,000 men at the traditionally militant Ellesmere Port plant on Merseyside have voted by substantial majorities to support the strike.

Meanwhile hopes of an end to the Ford strike — where militancy appears much greater than at Vauxhall — were raised yesterday when the leading union negotiators decided to report back tomorrow to the full negotiating committee, which includes plant conveners, on "exploratory talks" held with the company yesterday.

Neither side would divulge any proposals made yesterday for getting negotiations going again, but Mr. Ron Todd, chairman of the committee, called the two-hour meeting in a London hotel "very helpful." Ford last offered 8 per cent, in open breach of Stage Four.

Mr. Todd met Mr. Paul Roots, Ford's chief negotiator, and was accompanied by Mr. Reg Birch, secretary of the union side who called for the talks, and Mr. Doug Cornwall, union vice-chairman.

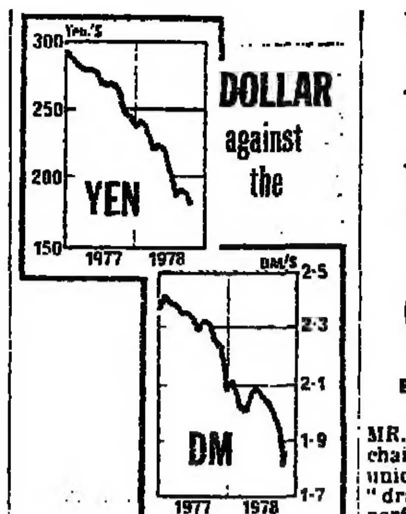
Union officials at Vauxhall said that the Dunstable vote was overwhelming and was in effect acceptance of the average 4.5 per cent basic pay rise the company has offered.

Mr. Tom Waters, Transport Workers convener, said afterwards: "This is the first time the unions' joint negotiating committee has had a call for support rejected."

Mr. George Slessor, Engineering Union convener, told the meeting the company's offer meant only £2.99 a week extra for a production worker.

Vauxhall says its offer would be enhanced by self-financing productivity payments and would leave its 26,000 manual employees among the best paid car workers in the country.

The offer of 4.2 to 4.8 per cent is said to be worth between £2.60 and £6.60 a week, giving the lowest paid a basic of £66.40 for 40 hours a week and the highest paid £110.39 a week.



Decline of dollar continues

By Peter Riddell, Economics Correspondent

The dollar declined again yesterday in nervous trading conditions ahead of the long-awaited announcement today of President Carter's counter-inflation programme.

The rate fell to a new low against several major currencies in the morning, but rallied slightly in late trading after central bank intervention, notably from the West German Bundesbank and the Swiss National Bank.

Foreign exchange dealers are not expecting that President Carter's statement will lead to a quick reversal of the market's lack of confidence in the U.S. administration and its policies.

The extent of the recent weakness of the dollar is shown by a 9½ per cent decline against the D-mark since the beginning of last month and a drop of 5 per cent compared with the Japanese Yen over the same period.

The U.S. currency touched an all-time low of DM 1.7970 yesterday morning, before recovering to close at DM 1.8065, fractionally lower than Friday's finishing level. There was a similar pattern against the yen with a low of Y180.80, before a close of Y181.50.

Sterling performed better than other European currencies against the dollar. It rose by 70 points to $2.0075 after a day's high of $2.0130. The pound also strengthened against several Continental currencies, in contrast to its weakness last week, and the trade-weighted index gained 0.2 points to 62.1.

Nevertheless, the pound's closing level of DM 3.63 last night, against DM 3.62 on Friday, represented a decline of 6 per cent since the beginning of September.

Carter will be tougher on pay Back Page

...£ in New York

—	Oct. 23	Previous
Spot	$2.0050-0070	$1.9930-9950
1 month	0.27-0.25 dis	[illegible] dis
3 months	1.11-1.06 dis	1.35-1.30 dis
12 months	4.30-4.50 dis	[illegible] dis

BL warning to unions on state aid

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MR. MICHAEL EDWARDES, BL chairman, has warned the trade unions that unless there is a "dramatic improvement" in performance by next May his Board will not draw the next £300m tranche of Government finance.

The State-owned concern has already received a £450m cash injection this year through creation of new equity. The Government has agreed, subject to monitoring arrangements, to provide a further £400m in the period to 1981.

If the BL Board achieves the necessary improvements, it is expected to seek the bulk of the money next year, possibly in the form of equity finance, and draw the final £100m in 1980.

BL has a strong balance sheet, but the additional money is needed to finance the £1.3bn investment programme.

However, Mr. Edwardes made it clear to national trade union leaders and shop stewards at a weekend conference that they must prove the company could be made sufficiently profitable to match State finance on a pound-for-pound basis.

It was not a question of convincing the Government. The BL board would want to be sure projects were commercially viable before it sought the finance.

The Cars Group, where output has fallen disappointingly below target, is expected to do little better than break even this year. Mr. Edwardes forecast that, given the co-operation of the workers, a profit of more than £130m could be achieved next year.

He urged the case for speedy introduction of an incentive scheme to help achieve continuity of production.

Mr. Edwards also called for flexibility to sub-contract design work on new models and face-lifts where capacity was not available within BL.

He complained that an embargo imposed by TASS, the white-collar section of the Amalgamated Union of Engineering Workers, was delaying work on models and components throughout the company.

The facelift for the Marina, planned for 1979, had been put back to 1980, and further delay could pose a threat to employment at Cowley, Oxford, where the model is assembled.

Management released details to union leaders of a limited rationalisation plan. The company wants to close the Vanden Plas bodyworks in London and transfer the work to Coventry and Abingdon. Some of the 300 workers would be offered alternative employment.

There are proposals to shut the Courthouse Green foundry, at Coventry, and a foundry in the West Yorkshire complex at Leeds. The two closures, caused by spare ferrous founding capacity, may entail about 250 redundancies.

Management has made clear that about 7,000 voluntary redundancies will be needed in the Cars Group before the end of this year to achieve productivity gains necessary to continue the programme toward pay parity—the same wage for the same job.

The company is determined to face up to union problems in seeking productivity gains to make the cars operation viable. Mr Pratt Thomson, managing director of Jaguar Rover Triumph, has underlined this by halting work on the programme to double output of the successful Land Rover-Range Rover models.

Contractors have been withdrawn from the site at Solihull, Birmingham, where work was under way on the first £30m phase of the £280m project. Management wants a commitment from the workers to a shift system before it goes ahead with one of the biggest projects undertaken in the motor industry.

Editorial comment, Page 18

Fund chief attacks critics of life companies

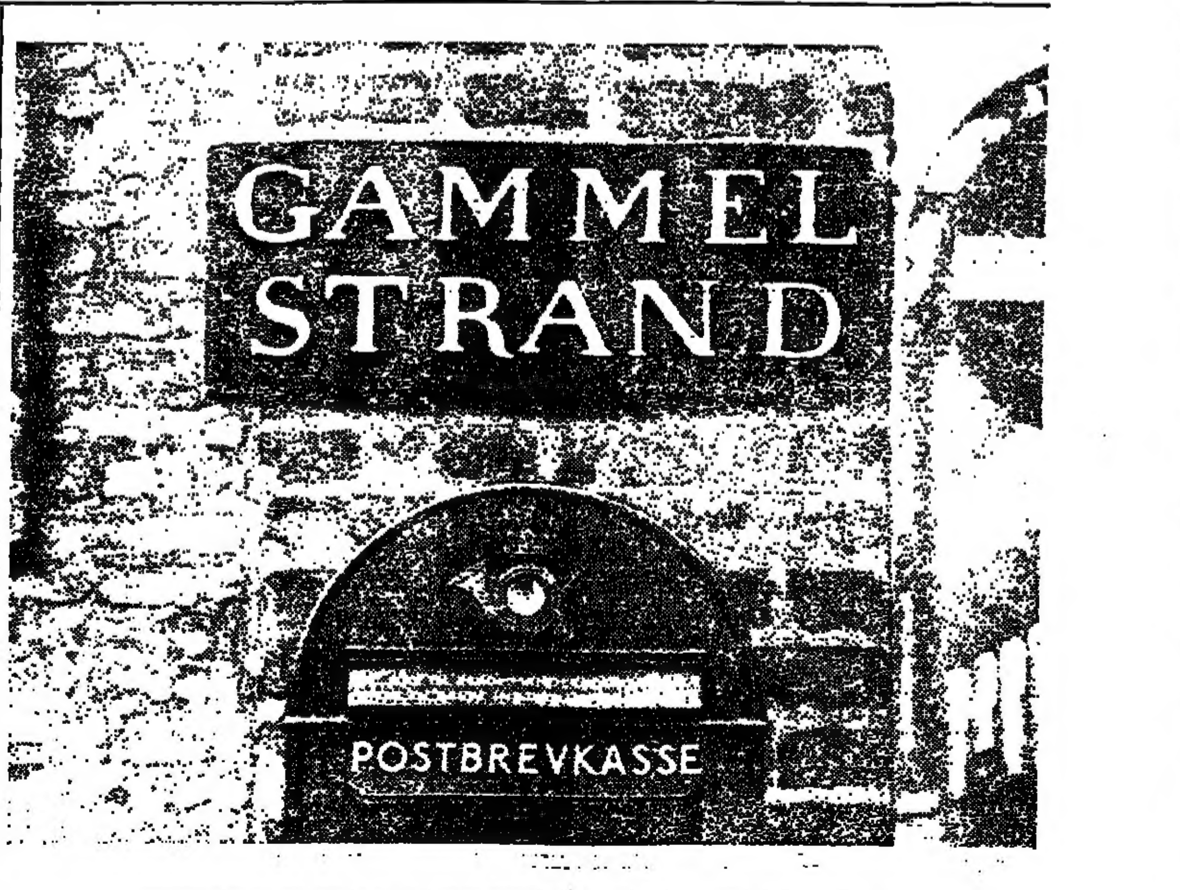
BY ERIC SHORT

A LEADING investment manager last night attacked critics who have accused life companies and pension funds of going on a "gilt-edged strike" earlier this year, and so endangering the country's economic recovery. He also called for more formal consultations between the investing institutions and the Government.

Mr. Peter Moody, joint investment manager of the Prudential Assurance, in his presidential address to the Institute of Actuaries, was unrepentent about the action taken by fund managers in the autumn of 1976 and after this year's Budget.

It was not a concerted effort by institutions to force up interest rates. Fund managers acting independently had decided that because of economic conditions interest rates needed to be changed.

Details, Page 27



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EUROPEAN NEWS

Splits emerge among French parties over European elections

BY ROBERT MAUTHNER PARIS, Oct. 23.

SHARP DIFFERENCES of opinion about the desirability of direct elections to the European Parliament, which are due next June, emerged over the weekend between the various French political parties and within the Gaullist and opposition Socialist parties.

M. Michel Debre, a Prime Minister under General de Gaulle, and long-time opponent of direct elections, has called unequivocally for a "renegotiation" of the agreement between the nine members of the European Community on this subject. While other Gaullist leaders are taking a less extreme line, all of them have expressed serious reservations about the project.

M. Jacques Chirac, the party leader, and M. Maurice Couve de Murville, another former Prime Minister and Foreign Minister, have underlined what they consider to be a dangerous contradiction between the official French view of the European Parliament's powers and that of the smaller Common Market members.

Although, they point out, President Giscard d'Estaing has stated clearly that France will not accept an extension of the parliament's powers, even after it has been elected by universal suffrage, this interpretation is hotly disputed by Holland, Belgium and Denmark, who want the parliament to develop into a genuinely supranational institution.

As long as these fundamental differences over the parliament's role exist, say the Gaullists, it would be unwise to hold the elections.

Although the Socialists have accepted the principle of direct elections, a substantial Left-wing minority of the party remains hostile. The debate over the weekend on the Socialists' manifesto for the European elections brought to light serious differences between the two wings of the party, particularly over the proposed European Monetary System.

The text which was finally adopted fell well short of the Left-wing Ceres group's demand that the monetary co-operation scheme, in its present form, be rejected out of hand. But the manifesto did emphasise that the party would oppose any harmonisation of economic policies which aimed only at "managing crises" and to breathe new life into the capitalist system, at the expense of the workers.

Among the other main points in the Socialist manifesto were a call for absolute priority to be given in the member states' economic policies to full employment, strict rules for multinational companies—such as restrictions on capital movements and transfers of profits—and an enhanced role for the European Parliament in the preparation and control of Community decisions.

W. German growth forecast at 4%

BY ADRIAN DICKS BONN, Oct. 23

WEST GERMANY faces the prospect of real Gross National Product growth next year of around 4 per cent, a somewhat higher inflation rate of 3.5 per cent, and a limited reduction in unemployment, according to the autumn report of the country's five leading economic institutes.

The institutes, for once virtually unanimous in their assessment of the economic outlook, confirm the now general view that the West German economy is in a phase of cyclical upswing. Although the institutes' joint working party pays due regard to the importance of buoyant private consumption in helping to bring this about, it also notes that the main discernible reason for the upswing has been the series of stimulatory steps taken by the Government over the past 18 months

In this judgment, the institutes appear to be coming down decisively against those economists who have argued that the economy's difficulties have been essentially structural in domestic terms, and the result of demand weakness in export markets so far as they have resulted from external factors.

The institutes share the view that an economic policy aimed in the first place at strengthening internal demand is correct, though they also argue that the present clear phase of expansion could not be long sustained without the more positive trend for exports discernible in recent months.

Although the dollar is not, in the working party's view, to regain strength in the immediate future, it points out that West German exports to the U.S. have actually been rising faster despite the unfavourable parity relationship. Some slowdown is to be expected next year, more because of the outlook for the U.S. economy than because of the exchange rate.

In contrast, the institutes expect some strengthening in other West German export markets such as Western Europe, Eastern Europe and the OPEC states. A continued 6 per cent increase in the volume of real world trade should correspond to roughly the same rate of growth for West German exports.

Meanwhile, imports into West Germany should also go on running at a high level and should continue to make a worthwhile contribution to the economies of neighbouring countries.

Partly because it sees little prospect of any substantial reduction in unemployment, the working party concludes that the present outlook is "despite a number of improvements, in no sense to be described as satisfactory."

In contrast to their last report, which called for tax cuts along the lines now close to final Parliamentary approval, the institutes make no clear-cut recommendations for fresh Government action beyond advising the Bundesbank to hold harder to its monetary growth targets, and appealing to the Bonn Government to set clear policy outlines for its public investment and deficit spending plans.

● The Christian Democratic Union, West Germany's main conservative party, assembled in Ludwigshafen today to draw up a political programme for the first time in its 30-year history. One of the main planks in the new programme is the maintenance of the free enterprise economic system.

Police unrest as Basque murders increase

BY DAVID GARDNER MADRID, Oct. 23.

TWO CIVIL GUARDS were shot dead and two others seriously wounded last night in a residential area on the outskirts of the Basque city of Bilbao. The civil guards were ambushed when returning from duty at a local football match. The evidence suggests that the ambush was the work of the military wing of ETA, the Basque nationalist guerrilla organisation.

This makes 64 deaths in political violence this year, 26 of them policemen and all but four in Basque country. ETA has stepped up its assassination campaign since the summer, and has killed seven policemen in the past two weeks alone.

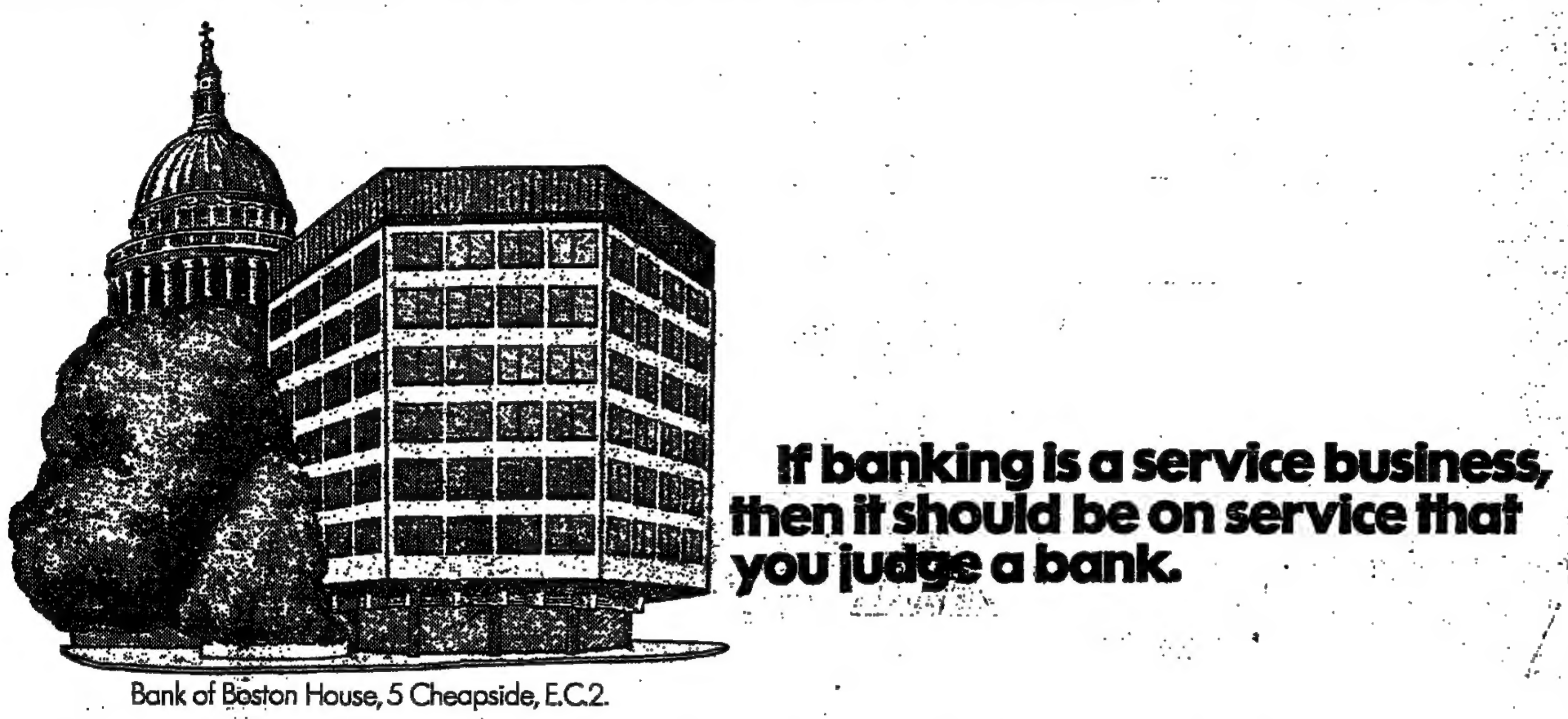
The killings have led to serious unrest in the paramilitary police forces which came to a head 10 days ago, following the murder of two members of the Policia Armarda.

After the funeral for their dead colleagues, several hundred policemen jostled and insulted senior police and civil authorities in the worst outbreak of police insubordination since General Franco's death. The Government responded with unusual speed and firmness, putting 56 policemen under arrest pending possible expulsion from the force.

It brought up more reliable units from outside the Basque country, and transferred an estimated 500 men.

ETA's targets in the present campaign are to secure the withdrawal from the Basque country of the para-military security forces and to protest against the new constitution and the weekend's march against violence, which it regards as directed against itself.

Most of the radical and nationalist Left has opposed the demonstration, organised by the major Basque nationalist party in Parliament, while the major parties object to the inclusion of opposition to "institutional violence" among the marchers' stated aims.



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SCHEEL'S AUSTRALASIA VISIT

Bonn sympathetic to New Zealand's needs

BY JONATHAN CARR IN WELLINGTON, OCTOBER 23

NEW ZEALAND now believes it can expect firm West German as well as British support for its effort to maintain its traditional farm exports to the European Community Market. It feels that Bonn has well understood the political consequences both for New Zealand and the South Pacific region should those exports be severely cut by the future operation of the Common Agriculture Policy (CAP).

This is one of the main results to emerge from the visit to New Zealand, ending today, by the West German President Walter Scheel and a delegation including the Economics Minister, Count Otto Lambsdorff. Beyond the ceremonial aspects of the visit, the two sides did some hard talking, not least during participation by the West Germans, in a full New Zealand Cabinet meeting.

Mr. Robert Muldoon the Prime Minister, told reporters travelling with Mr. Scheel that he was very satisfied with the talks. They showed that New Zealand could expect more support for its cause from West Germany than from any other Community country beyond Britain.

New Zealand obviously could not dictate terms on access of agricultural produce to the Community, Mr. Muldoon said. But it would go on pressing its views about what it saw as the "economic lunacy" of aspects of the CAP.

That firmly applied to the proposed new Community sheep meat regulation, of critical importance to New Zealand which supplied around 80 per cent of EEC sheep meat imports. Mr. Muldoon feared the results of a regulation for this product could be "even crazier" than those already caused in the beef and milk sectors—bigger price increases and dwindling consumption.

Both New Zealand and West German officials say there were no suggestions that Bonn was prepared to press for alteration of fundamental principles of the CAP. But the Germans say they are ready to argue for special arrangements within those principles to assure New Zealand continued access to the Community Market—not least for sheep-meat.

Unofficially, New Zealand government sources point out that some of the CAP's principles are not being observed anyway; for example, those advocating a steady market and reasonable prices for consumers. They express confidence that ultimately the CAP as it presently operates will collapse under its own contradictions, but meanwhile New Zealand must continue to seek all the allies it can inside Europe.

Mr. Muldoon, emphasised that New Zealand was making big efforts to diversify its economy and had already found some alternative markets for its agricultural produce. But there was a point beyond which further exclusion from the EEC market would mean serious consequences for the New Zealand economy.

This would not only curtail New Zealand's own ability to import but would undermine the role it sought to play for economic and political stability in the whole South Pacific theatre. The discussion of that role had played an important part in the talks with the German side, and Mr. Muldoon felt New Zealand's point had been clearly understood.

This message is stressed in a report on future relations with the European Community, issued by the New Zealand Planning Council just as the German delegation arrived here. It notes it is inconsistent of the EEC to support the development of South Pacific countries through the Lome Convention and at the same time to weaken through the CAP New Zealand's contribution in the one part of the world where it is equipped to play a major role.

The Council is an independent body but its members include the Minister of National Development and a secretary to the Treasury. Its recommendations are thus likely to carry considerable weight with the Government.

On agriculture the recommendations include:

● A continued sale to the EEC of around £115,000 tonnes of butter annually after 1980, when the arrangements for access already agreed with the Community expire.

● Further access for "minimum quantities" of cheese, a topic which the Community had agreed to consider with "appropriate urgency" once existing arrangements expired in 1977, but which was still outstanding.

● A sheep meat regulation allowing New Zealand to retain its traditional position on the Community market.

In return, New Zealand would be ready to open further its own market to imports of manufactured goods from the European countries. Big opportunities are seen for joint ventures, particularly in the energy and fishing sectors, and New Zealand would clearly welcome more foreign capital to help it further to diversify its economy.

But all that depends on a relatively stable export market share for those agricultural products which New Zealand shows it can produce more cheaply and efficiently than others. Its argument is that Europe will be doing itself a good turn in the long run by recognising that.

U.S. backs Greece's terms for full role in NATO

BY OUR OWN CORRESPONDENT ATHENS, Oct. 23.

THE UNITED STATES has promised to support negotiations for Greece's return to full membership of NATO under a special status and to maintain the military balance in the Eastern Mediterranean following the lifting of its arms embargo on Turkey.

The pledges were made by the deputy Secretay of State, Warren Christopher, during two days of talks with Greek leaders. The visit has been seen here as an attempt by the U.S. to mend fences with the Greeks, who feel that President Carter has failed to maintain a balance policy in the area by tilting towards Turkey at Greece's expense.

Greece withdrew from the military structure of NATO in August 1974 after the Turkish invasion of Cyprus. Under the special relationship proposed by Greece in June last year, the Greek armed forces would remain under national command except in an East-West conflict when they would be reintegrated into the NATO command. A NATO headquarters would also be set up in Greece under Greek Command, similar to that in Izmir which is now under Turkish command.

The road to such a special arrangement is being blocked by Turkey which has linked the issue to the settlement of the zones of responsibility in the Aegean where it is seeking an increased role.

The Greek Premier, Mr. Constantine Karamanlis, said at the weekend that Greece has no intention of negotiating its special status with NATO on the basis of conditions put by Turkey and that Ankara will have to bear responsibility for any further prolongation of th[e] situation in the south-easter[n] flank of the alliance.

Well informed sources sai[d] that during their talks, the Gree[k] Premier told Mr. Christophe[r] that any significant delay i[n] Greece's return to NATO wou[ld] force Greece to withdraw com[-]pletely from the alliance an[d] result in the abolition of Amer[i]can military bases on Greek soi[l].

An agreement between Greec[e] and the U.S. governing th[e] status of these bases, whic[h] operate under the NAT[O] umbrella, was initialled in Jul[y] last year but is still awaitin[g] approval by the Greek parli[a]ment. The opposition Panhellen[ic] Socialist Movement (PASOK) and the Greek Communist Part[y] (KKE), which together won 1[...] per cent of the votes in Noven[n]ber's general elections, wa[nt] Greece's complete withdraw[al] from NATO and the closing dow[n] of the U.S. bases. Both the[se] parties have won ground, large[ly] because of their anti-America[n] and anti-NATO stand and th[e] Government can ill-afford [to] allow the matter of NAT[O] re-entry to remain in limbo muc[h] longer.

The sources said M[r.] Christopher told Mr. Karamanl[is] that Washington would press f[or] an agreement to be reached [by] the end of this year on a bas[is] satisfactory both to Greece an[d] to the alliance.

A joint statement at the e[nd] of the talks said Greece and th[e] U.S. agreed that the resoluti[on] of disputes in the easte[rn] Mediterranean should be soug[ht] peacefully through inte[r]nationally established pro[-]cedures, avoiding provocatio[n] or the threat or use of force.

Oslo chides UK general

BY FAY GJESTER OSLO, Oct. 23.

NORWAY'S DEFENCE Minister Rolf Hansen has sharply rebuked the head of NATO's Northern Command, Britain's Gen. Sir Peter Whiteley, for remarks made in a newspaper interview on Friday.

Sir Peter told the Oslo Aftenposten that he was disappointed in the low growth of Norway's defence expenditure as revealed in this month's state budget proposals, and suggested that the Storting (Parliament) might amend the budget to increase defence allocations.

Mr. Hansen described Sir Peter's comments as "clumsy" and "most untimely."

The Minister's rebuke came in a statement published today in Aftenposten and in the Oslo Labour Party newspaper, Arbeiderbladet.

Arguing that the propose[d] defence allocations fully me[et] Norway's major obligations Mr. Hansen continued: "It i[s] difficult to excuse Gen. White[-]ley's conclusion that Norwa[y] is setting a bad exampl[e] within the Alliance eve[n] though I realise that he mus[t] have been poorly informed. All the necessary informatio[n] is in the budget proposal[s] themselves, and these are full[y] available to NATO's Norther[n] Command. The General shoul[d] smarten up his staff, and b[e] more careful in commentin[g] on Norwegian politic[al] matters."

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EUROPEAN NEWS

Turks put debt restructure plan to creditors

BY METIN MUNIR ANKARA, Oct. 23.

HE LONG-AWAITED Turkish roposal for restructuring debts about $3bn to international inks has been officially conyed to creditors, the Finance inistry said here today.

The Ministry has also officially quested banks "with a continug interest in Turkey" to parcipate in a new facility of up $500m to the Central Bank. his would have a final maturity seven years with a three-year rriod of grace. The credit would guaranteed by the state with terest payable at a rate of 1.75 r cent over Libor.

An invitation to participate in is syndication was sent to 70 ajor banks. Seven international inks have already promised to it up $25m each. They are the nion Bank of Switzerland, eutsche and Dresdner Banks, arclays, Citibank, Morgan uaranty and Chase Manhattan, e Finance Ministry said.

The loan is being sought priarily to finance essential imrts.

Turkey has been obliged to ake what the Finance Ministry scribed as an "orderly restrucring of its external public and ivate indebtedness" due to a vere shortage of foreign change.

Turkey has asked all nonurkish holders with Turkish inks of "convertible Turkish ra deposits" maturing before nuary 1, 1981, and all interitional banks who provided edit to the Central Bank, to ree to repayment over seven ars with a three-year grace riod.

Principal and interest on both tegories of debt would be a rect obligation of the Central ank and would be state-guaraned. Interest would be payable a rate of 1.75 per cent over ibor.

The convertible Turkish lira posits contain $2.2bn of shortrm funds placed by foreign banks into Turkish banks under a scheme launched by Ankara in 1975. Credits to the Central Bank total $426m.

Holders of convertible Turkish lira deposits would be able to shift to any currency they nominate if they agree to the restructuring.

A third category which would come under the restructuring plan is third party reimbursement claims which total $270m. These would be repaid in three years: 5 per cent of outstanding debts immediately, the remainder in a progressively increasing ratio. Interest would be 1.5 per cent over Libor.

The 220 banks involved have been asked by Mr. Ziya Muezzinoglu, the Finance Minister to reply to the proposal by November 15.

Prime Minister Bulent Ecevit has been attempting to stabilise the seriously-ailing economy since coming to power in January.

A stand-by agreement was signed with the IMF for a facility of up to SDR 300m and received SDR 75m in additional facilities. Loans have also been secured from the IBRD and the World Bank. An agreement has been signed with the OECD for the restructuring of $1,460m of credit guaranteed by export credit agencies and loans from governments. This agreement is being implemented on a country-by-country basis.

If, as the Ministry of Finance hopes, the restructuring scheme launched over the week-end is successful, all Turkey's debts will have been structured, with the exception of some $1bn to suppliers not covered by export credit agencies. There are, however, various schemes put forward in this connection, and the Finance Ministry hopes to settle these before the end of the year.

Talks end in Moscow without SALT pact

By David Satter

MOSCOW, Oct. 23.

MR. CYRUS VANCE, the U.S. Secretary of State, completed two days of strategic arms limitation negotiations with Soviet leaders today without reaching final agreement on a new treaty.

An official Soviet statement with which Mr. Hodding Carter, the U.S. State Department spokesman, agreed, described the talks as useful and constructive.

But there were still areas of disagreement between the two sides that would need to be resolved, Mr. Carter said, and he declined to use the word progress to characterise the results of the talks.

He said a fuller explanation would have to wait until Mr. Vance had an opportunity to brief President Carter tomorrow.

It appeared, however, that there had been movement on the remaining issues. The official reticence may reflect uncertainty over whether, in light of the results of Mr. Vance's Moscow trip, it is now possible to go to a summit, or whether another ministerial meeting is necessary first.

Mr. Vance met Mr. Leonid Brezhnev, the Soviet President, tonight for 90 minutes in talks which concentrated on strategic arms limitation. The Soviet news agency Tass said the two sides stated their resolve: "to make every effort to bring this important matter to a conclusion."

Although no details were given on specific points of negotiation, the remaining difficult issues in SALT were understood to be Cruise missile range limits, the Soviet Backfire bomber, new missile systems and the number of Cruise missiles which can be carried on bombers.

Dockers and seamen halt French ports

BY DAVID WHITE PARIS, Oct. 23.

SEPARATE STRIKE movements by French dockers and merchant seamen coincided today, virtually to halt port activity.

Channel services have been disrupted, while in Corsica, where the seamen's strike has cut off all maritime services to and from the mainland, the situation has been further complicated by lorry drivers protesting against losses caused by the sailors' action.

A drivers' blockade of Corsican ports today severed the island's other main sea link, with Italy. Armed police were sent in to avert a threatened blockade of airports.

The dockers were staging a 24-hour strike for higher pay. Their campaign had already cut night and overtime work over the weekend.

The seamen, who started a protest more than a week ago against the hiring of what unions claim to be cheap Asian labour, voted on Friday to launch a strike of indefinite duration.

The action has been followed by the majority of France's 28,000 merchant seamen. Both the merchant fleet and the docks are almost exclusively the domain of the Communist-oriented CGT union.

Other strike movements are simmering in the Post Office and French television. The Government is being pressed in both cases to increase its staffing plans. Postal services are likely to be severely disrupted later in the week by a protest action on Wednesday.

Unions are split on what action to take. The politically moderate Force Ouvrière has called for a 24-hour strike by all of France's 440,000 postal workers. The CGT and the Socialist-leaning CFDT have called for "rotating" protests from tomorrow onwards and a strike on Wednesday in postal centres.

The postal workers are seeking 15,000 new jobs instead of the 1,500-man expansion foreseen in the Government's Post Office budget.

Giscard's reform of radio and television 'disastrous'

BY ROBERT MAUTHNER PARIS, Oct. 23.

A POTENTIALLY explosive report which argues that President Giscard d'Estaing's reform of the French radio and television networks in 1974 has been a financial and administrative disaster, is due to be debated by the National Assemble later this week.

By breaking up the mammoth state-controlled ORTF into a separate radio organisation, three theoretically independent television channels and a company specifically responsible for major television productions, the President hoped to stimulate not only competition and thus to improve the quality of programmes, but to make the new channels more financially independent.

But the report, drawn up by M. Joel le Tac, the Gaullist rapporteur of a parliamentary sub-committee on the state's audio-visual budget, claims that, on the last count at least, the situation has deteriorated sharply.

The old ORTF made an operating profit of FFr 38.5m, in 1974, while last year only one of the new organisations, Radio France managed to make a small profit. Overall, the seven new organisations were in the red to the tune of FFr 65m (about £8m) last year, and the SFP production company alone had accumulated deficit of FFr 122.7m in 1975, 1976 and 1977, not counting FFr 200m of state subsidies.

ITALIAN TERRORISM DEBATE

Government fears recede

BY RUPERT CORNWELL IN ROME, OCT. 23

THE DEBATE on terrorism and the Moro affair which starts in the Italian Parliament tomorrow provides further proof, if any were needed, of Sir Harold Wilson's dictum that a week is a long time in politics. Barely 10 days ago the occasion was awaited with trepidation by almost everyone. Today it seems likely to pass off with scarcely a ripple of serious dissent and with little strain on the fragile all-party agreement keeping a minority Christian Democrat government in power.

Proceedings will be opened by Sig Virgilio Rognoni, the Interior Minister, and if all goes well conclude with a statement approved by all the major parties. There is unlikely to be an awkward parliamentary investigation, as once seemed probable, into the case. That, at any rate, is the confident prediction of Sig Bettino Craxi, the current "enfant terrible" of Italian politics, and leader of the Socialists. The only party, at the height of the national agony over the kidnapped former Prime Minister, to have demanded, in vain, a deal with the Red Brigades to save Sig Moro's life. But why the sudden if temporary truce?

In the first place of course, there is the natural reluctance of the politicians to be seen blatantly seeking to secure factional advantage by reopening the painful wounds of the recent past. But that, alone, would probably not have been enough but for the latest front-line developments in the war against the terrorists—and in particular the publication of the so-called "confession" of Sig Moro, discovered in the police swoop on the Red Brigade's hideouts in Milan earlier this month.

Ever since Sig. Moro was taken prisoner, the terrible, obsessive fear of politicians here was that he might have left a poisoned chalice of memoirs, extracted by the Red Brigades, which would destroy Italy's delicate search for consensus politics. And when, a few days after the police had made their haul, mysterious leaks of large chunks of alleged confession appeared in press, the worst seemed about to happen.

The party leaders held frantic consultations, and armed with all-party agreement the Government prevailed upon the magistrates in charge of the case to make the document public. But, to general relief and no little surprise, the 40 pages of badly typed

Sig. Aldo Moro

evidence released by the Interior Ministry revealed little that was not already known. Titillatingly scathing judgments on his contemporaries and colleagues were there, but these could not disguise the absence of any genuinely new and sensational disclosures. Italy's scandal cupboard, which has rattled with so many skeletons, now seems strangely quiet.

Matters also appear to have been helped by the sudden batch of successes of those investigating the Moro case. If tomorrow's debate had been held in August, when Italy's various police forces had managed to turn up next to nothing on Sig. Moro's kidnappers, tempers might have exploded. But the spate of arrests of top terrorists by the special squad, led by Gen. Carlo Alberto Dalla Chiesa, have stilled doubts on that score. And the latest breakthrough, the discovery of a sophisticated clandestine communications centre in Pisa may prove as significant as any.

On the other hand the assassination in the last fortnight of a leading magistrate in Rome, and of a criminologist in Naples by the Red Brigades and their associates has underlined that the fight against terrorism is far from over. That justification for the all-party alliance therefore remains intact, and it will not be difficult for Sig. Rognoni to claim that while the security forces are doing their job effectively, there is still a long way to go.

The consequence of all this has been to switch the attention of the politicians to how to overhaul Italy's chronically weak and inefficient economy. The Indian summer of encouraging statistics continues, but rumblings of discontent, especially on the union front, are becoming daily louder. It is not a question of if, but when, the storm will break.

In the end everything probably will hinge on the fate of the three-year strategy to restore the economy put forward by the Treasury Minister, Sig. Filippo Maria Pandolfi, and which, in theory, is due to take concrete shape by the end of the year. The programme has been derided as being for export only—to impress foreigners with the serious intent of Italian policy makers. But early in December the representatives of the International Monetary Fund will be back in Rome.

Perhaps the most important element in the blueprint is the containment of labour costs. This goal will become virtually unattainable if the emerging shop-floor demands for pay increases and shorter hours are anything like met. But here the attitude of the Communist party, faced with the need to be a responsible member of the Government majority and the conflicting pressure from its natural supporters in the workforce, will be vital.

Eanes fails to announce new Portuguese premier

BY JIMMY BURNS LISBON, Oct. 23.

RESIDENT Antonio Ramalho anes tonight met representaves of the country's main olitical parties without any fficial confirmation that he ould name the country's new rime Minister, as had been idely expected.

Although the President was is morning given full support or any decesion he might take y the Council of the Revolution, e country's military watch-dog ody, he was reliably reported to ave failed to find a similar consensus among the politicians.

Portugal's previous presidenally-backed government of idependents, led by Sr Alfredo obre de Costa, was rejected by parliamentary majority last onth.

Indications tonight were that a great deal of last-minute haggling was going on at the presidential palace in an attempt to bring the two major parliamentary parties, the Socialists and the Socal Democrats (PSD) behind one candidate.

President Eanes is hoping that Portugal's next Prime Minister will form a government which will have assured support in Parliament and thus avoid the holding of premature elections as a solution to the present political crisis.

Current favourites for the premiership remain the present caretaker Prime Minister, Sr Nobre de Costa and Sr Carlos Mota Pinto, a politically independent lawyer.

Dutch reject Tenerife air crash report

DUTCH civil aviation officials yesterday attacked as incomplete a report blaming a veteran KLM pilot for the world's worst aviation disaster, when a KLM airliner and a Pan American Airways jumbo jet collided on the runway at Tenerife Airport in March, 1977, AP reports from Amsterdam. A Dutch official said: "The report ignores factual material which we submitted. The coincidence of circumstances which led up to the crash were oversimplified."

Europe consumer call

A European consumer affairs conference was told yesterday that at least part of the productivity increases at manufacturing plants should be passed on to consumers in the form of lower prices, rather than being used exclusively to raise the wages of production workers, AP reports from Brussels.

Italy strikers held

Six striking hospital workers were arrested in Rome yesterday after police broke up an unauthorised demonstration by about 200 of the strikers, AP reports from Rome.

Pope to visit Poland

Pope John Paul II has said he wants to visit his native Poland and hopes to do so next May. Reuter reports from Rome.

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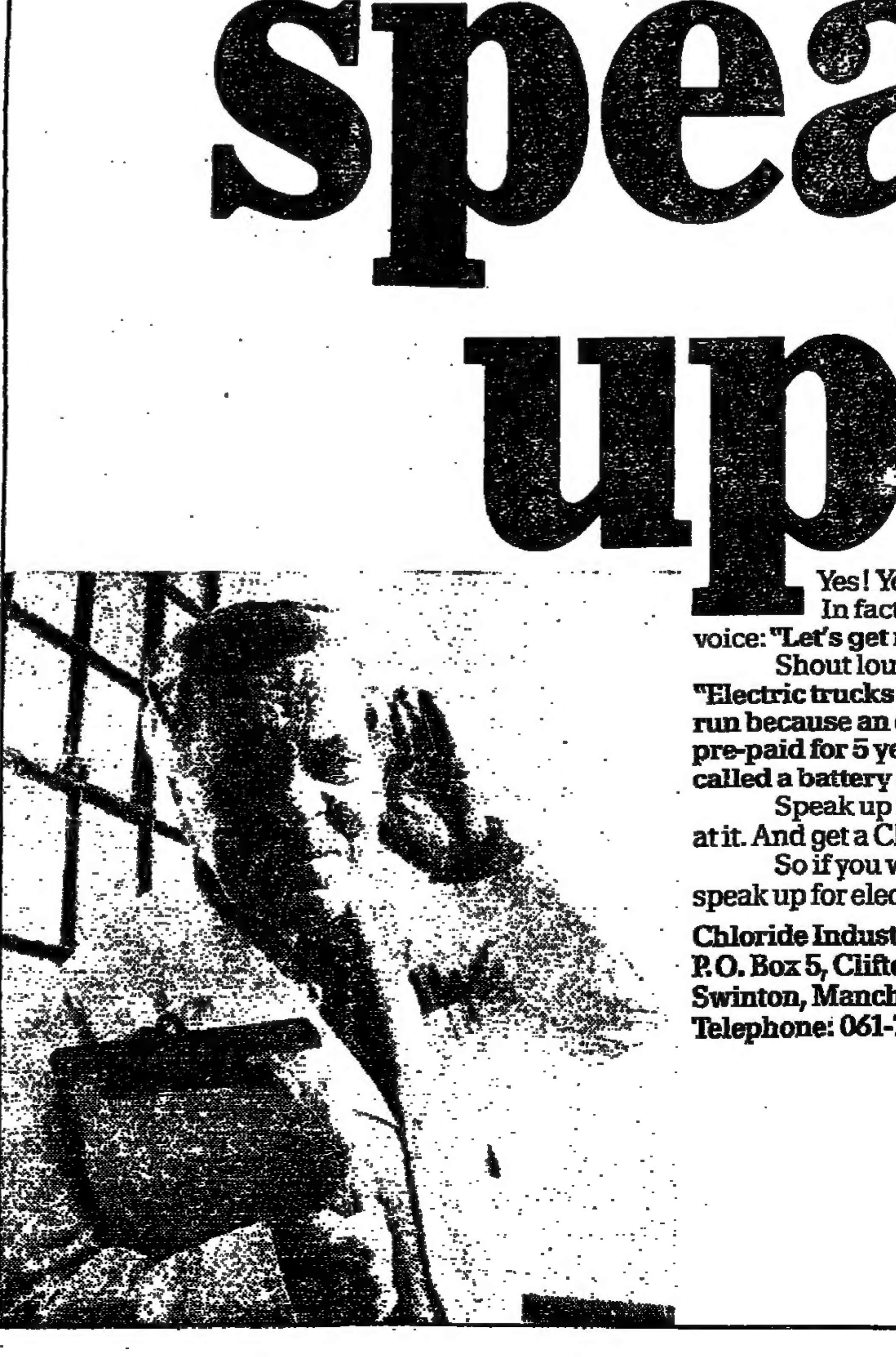

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CHLORIDE PURE POWER

OVERSEAS NEWS

S. Africa-U.S. ties 'better'

By Quentin Peel

JOHANNESBURG, Oct. 23.

SOUTH AFRICAN Government officials and commentators appear increasingly confident that South Africa's relations with the Carter Administration in the U.S. are on the mend, especially since last week's summit meeting of Western Foreign Ministers, including Mr. Cyrus Vance, the U.S. Secretary of State, in Pretoria.

A common theme among commentaries in the leading pro-Government newspapers, the Government-controlled broadcasting media, and from senior government spokesmen has been that a noticeable thaw has come into the previously distinctly frosty relations between the two governments.

In particular, Mr. Vance has been singled out for favourable comment for his conduct in last week's negotiations over the future of Namibia (South West Africa). "I think we understood each other," Mr. P. W. Botha, the South African Prime Minister, said after the talks. "We are prepared to talk to each other, and I hope this will lead to further talks."

A senior South African official, commenting on last week's talks, also went out of his way to emphasise the changed perception of U.S. attitudes. "I don't think Mr. Vance himself would insist on a particular solution dogmatically," the official said.

The favourable comment about Mr. Vance is in sharp contrast to the apparent hostility aroused by Dr. David Owen, the British Foreign Secretary, in the pro-Government Press. He was described by one newspaper as "dogmatic in his opinions, arrogant in his approach, and off-putting in his matinee-idol conceit."

U.S. diplomats here are somewhat confused at the about turn of South African official attitudes. They insist there has been no change of direction in U.S. policy.

RHODESIA'S RAIDS INTO ZAMBIA

Kaunda backs Nkomo refusal to talk

BY MICHAEL HOLMAN

LUSAKA, Oct. 23.

THE ZAMBIAN President, Dr. Kenneth Kaunda, today endorsed yesterday's rejection of an all-party conference on Rhodesia by guerrilla leader Mr. Joshua Nkomo.

Speaking at a Press conference this morning at which he condemned the recent Rhodesian raids on Zambian camps of Mr. Nkomo's Zimbabwe African Peoples Union (ZAPU), the President reaffirmed his support for the Anglo-American settlement proposals "as a basis for negotiations.

"But if we are to be asked to consider what (Rhodesian Premier) Smith has agreed to in Washington, behind our backs, Zambia is not prepared to participate," he said.

Mr. Smith's agreement to attend talks on the basis of a five-point agenda which contains no preconditions "means that the British and Americans have given way to Smith," said the President.

Dr. Kuanda broke his four-day silence since the raids began last Thursday with a low-key two-hour Press conference which left Western diplomats expressing relief at his restraint. Dr. Kaunda condemend the "dastardly, cowardly and cruel attacks" on camps which he said held non-combatants and women. What he described as "lukewarm condemnation" from the United States and Britain "amounts to saying we don't mind what you do—in other words, support."

The U.S. administration had made a "gigantic tactical error" in allowing Mr. Smith to visit the country: "It is a pity that Smith's order to fight was issued when he was in Washington," said Dr. Kaunda. Despite the angry words, the President's demeanour throughout the conference was calm and controlled.

However, a senior official warned that the President's restraint indicated not a change in his commitment to liberation movements in Southern Africa but the beginning of a shift in strategy and alliances. "We are beginning to take the long view, which is very, very bad for the West," said the official.

The fight for majority rule in Rhodesia would increasingly take on ideological overtones for Southern Africa as a whole, with the danger that the West, in an effort to preserve vested interests, would become aligned with right-wing black or white governments.

Thus, what is seen here as a shift by the British and U.S. governments from the Anglo-American proposals as tabled last year is regarded as having a broader significance. "Under the original proposals Britain and America were on our side—but not any longer," said the official.

Dr. Kaunda spoke frankly of Zambia's military limitations: "Zambia is impossible to defend from the air. You cannot compare our forces to the Rhodesian and South African forces combined."

The President was at pains to exonerate the Zambian forces from accusations of failure to retaliate. With their commander, General Peter Zuze, sitting behind him, Dr. Kaunda said: "We have not given the defence forces sufficient funds. Africa, as a whole, is still very weak militarily. We must brace ourselves for a long and protracted struggle." Outside military aid was being considered, he said, "but only in the long term."

Whether this explanation will satisfy the armed forces and the country remains to be seen.

Smith warns of more raids on guerrillas

BY TONY HAWKINS

SALISBURY, Oct. 23.

RHODESIAN Prime Minister Ian Smith today warned that trans-border raids against guerrilla camps in neighbouring territories will continue and "if need be increase." Commenting on last week's raids into Zambia, described by combined operations headquarters here as "enormously successful" and the biggest ever military operation mounted by this country, Mr. Smith said Britain and the United States should be "under no misapprehension" about the likelihood of future raids.

Mr. Smith said he had sent a message to the chief of combined operations, Lt. Gen. Peter Walls, congratulating him on the attacks "not only will this set back the terrorist offensive, but it has raised the morale of Rhodesians generally," Mr. Smith said.

Mr. Smith said that when he met senior State Department officials in Washington last Friday, they had expressed disapproval at the raids. This had been "strongly countered" by all four members of the transitional executive council who has accused Britain and the U.S. of being responsible for the deteriorating situation in Central Africa.

"Because of their failure to take positive action to help solve the Rhodesian problem it was hypocritical of the two governments to complain over the escalating situation in Rhodesia," Mr. Smith added.

On Rhodesian television last night Mr. Smith reiterated that he had only agreed to attend all-party talks on a "no preconditions" basis. He said that at the State Department last week the British and U.S. delegations had on more than one occasion tried to slip in "preconditions" but this had been resisted and rejected by the interim government delegation consisting of himself and the three black members of the executive council

Speaking on TV, Mr. Smith stressed that the five points agreed for discussion in Washington last week were all acceptable to the transitional government. The points are, first, the holding of free and fair one-man one-vote elections, which Salisbury says it is planning as soon as possible anyway. Second, a ceasefire, which Salisbury says it has long wanted and been calling for ever since the March 3 internal settlement; third, a new constitution that guarantees individual rights. Mr. Smith said he was satisfied that the constitution currently being finalised by transitional government officials will meet this demand. Fourth, the integration of guerrillas into the Rhodesian security forces. Mr. Smith says this is already happening with "on side" guerrillas, supporters of Bishop Muzorewa and the Rev. Sithole who have swopped sides and joined the Rhodesians. Finally, a transitional government — Mr. Smith says that ever since last November he has been appealing to Mr. Nkomo and Mr. Mugabe of the Patriotic Front to return to Rhodesia and join the transitional government.

Meanwhile, Chief Jeremiah Chirau returned to Salisbury today from Washington saying that his early return was necessitated by personal and political considerations. It was announced 10 days ago that the Chief planned to meet Mr. Robert Mugabe, leader of the ZANU wing of the Patriotic Front in Geneva this week. However, while the Chief has been away a split has appeared in the ranks of his Zimbabwe United People's Organisation, ZUPO.

Saudis play moderating role over accords

By Ihsan Hijazi

BEIRUT, Oct. 23.

SAUDI ARABIA is having a moderating influence in Arab affairs in the wake of the Camp David agreements between Egypt and Israel.

According to Arab diplomats, Saudi Arabia has agreed that the projected conference of Arab leaders in Baghdad on November 2 adopt a resolution expressing reservations about the accords. The decision was reached after consultations between Iraq and the Saudis during the past few days. Iraqi Foreign Minister Saadoun Hammadi, flew to Riyadh with a message from President Ahmed Hassan al Bakr to Saudi Crown Prince Fahd.

The Saudi decision is regarded by the diplomats as a compromise between outright condemnation of the accords and of Egyptian President Anwar Sadat, and mere disapproval of the agreements.

The Saudi Government expressed reservations about the accords when they were first announced, but avoided taking a militant stand against President Sadat.

Saudi influence was demonstrated last week in the easing of the Lebanese crisis. The Saudis played the main role at the Arab conference held at the Lebanese mountain resort of Beiteddin which adopted decisions to consolidate the ceasefire here and recommended a course of action for solving the Lebanese conflict.

It was also Saudi Arabia which persuaded President Jaafar Numairy of Sudan to keep the Sudanese battalion serving in Lebanon with the Arab peace-keeping force for three more months. The Sudanese Government had earlier turned down a Lebanese request to extend the battalion's mandate.

The Saudi's worked closely with Syria on the Lebanese situation and succeeded in making the Syrian stand more flexible.

Patrick Cockburn writes: Syria's decision to reopen its borders with Iraq, announced last Sunday as part of a repproachment between the two countries, will considerably ease the problems of sending goods to Baghdad. In the past, hauliers have been forced to send trucks through Turkey to Iraq's northern border.

The most usual route for sending goods has been the overland route across Europe or through the south Turkish ports such as Mersin or Iskenderun, though at the beginning of the year a container port was opened in the south of Iraq at Umm Qasr on the Gulf. Smaller hauliers faced further difficulties since May when the Iraqi Public Company for Land Transport, a state-run concern, insisted that all hauliers sign a contract with them and put up a $150,000 bond.

At the end of last year, the Syrians also refused to allow trains from Turkey to cross 90 kilometres of Syrian territory causing delays in the arrival of heavy machinery in Iraq. The lifting of the ban, which also applies to Syrian airspace, will allow truckers to use Syria's Mediterranean ports such as Latakia and Tartous.

The end of the Syrian ban on passengers and goods crossing the border is also likely to raise hopes that the trans-Syrian oil pipeline will be reopened. The pipeline, which reaches the Mediterranean at Banias, was closed by the Iraqis in April 1976 after a dispute with Damascus over transit fees and oil at reduced prices for Syria.

Japan poll success for party candidate

BY CHARLES SMITH

TOKYO, Oct. 23.

MR. YASUHIRO NAKASONE, the "dark horse" in next month's race for the presidency of Japan's ruling Liberal Democratic Party, emerges as the second most popular candidate in a public opinion poll published today by the Asahi newspaper.

The Asahi poll found that 15 per cent of the "general public" and 14 per cent of Liberal Democratic Party supporters want to see Mr Nakasone as president. These percentages are, in each case, two points ahead of the support accredited to Mr. Masayoshi Ohira, the Party Secretary-General and the man formerly regarded as the main challenger for Party leadership.

The polls show the Prime Minister, Mr. Takeo Fukuda, well in the lead with 28 per cent of the general public and 40 per cent of LDP supporters favouring him as Party president. Mr. Fukuda has yet to declare himself formally as candidate for re-election to the leadership and may not do so until after the end of this week's visit to Tokyo by China's Vice-Premier, Mr. Teng Hsiao-Ping.

Mr. Nakasone and Mr. Ohira both declared their candidacies over the weekend while Mr. Toshio Komoto (at present Minister of International Trade and Industry) hinted strongly that he would run.

Mr. Nakasone's popularity has climbed swiftly since the summer when he scored a popularity rating only 7 per cent in a similar poll conducted by Asahi. His newfound prominence is put down to the fact that he has made far more public appearances than Mr. Ohira in recent months and has impressed his audiences as an articulate and forceful speaker. Mr. Nakasone's views—or the views he has been expressing recently—place him well to the Right of the LDP, especially on defence issues. He has the reputation however of being something of an opportunist both ideologically and in internal party power struggles.

The Asahi poll result does not bear directly on the result of the LDP primary election since it was conducted among LDP "supporters" (that is to say, anyone who claims to vote for the party) rather than among paid-up party members who are the only ones eligible to vote in the primary. It does mean, however, that the race for second position in the primary is now wide open and, consequently, that there can be no certainty as to who will face Mr. Fukuda in the "run-off" election in December (when Liberal Democratic members of the Diet pick the party president from the two front-runners in the primary).

The defeat of Mr. Ohira by Mr. Nakasone would upset the accepted "pecking order" within the LDP, given that Mr. Ohira holds the important office of Secretary-General, while Mr. Nakasone is merely the leader of a medium-sized party faction.

Instruments of ratification of the China-Japan treaty of peace and friendship were exchanged *in Tokyo* today in the presence of Mr. Fukuda and the Chinese Vice-Premier, Mr. Teng Hsiao-ping. The exchange was the first item on Vice-Premier Teng's programme this morning following his arrival in Tokyo on Sunday night. Later in the day, Mr. Teng called on the Emperor and held informal talks with Mr. Fukuda

FOOD IN INDIA

A meal from the trees

BY DAVID FISHLOCK

A REPORT* has just been released of a trial carried out in India during 1975-77 in which schoolchildren were fed protein extracted from leaves. For those who see leaf protein as a vast, untapped reservoir of human food, the trial—the first major test of leaf protein—was an encouraging success.

The human alimentary system cannot digest most leaves. They require certain micro-organisms to rupture leaf cells and release the nutritious components. Almost a century ago, however, the first ideas were proposed for pre-digesting leaves mechanically, to yield an edible, protein-rich fraction which humans might consume.

In Britain, the outbreak of the second world war kindled interest in novel indigenous sources of food. A Government research scientist, Mr. N. W. Pirie, familiar with methods of fractionating leaves, was asked to collaborate with the Food Investigation Board and ICI in a joint study of the problem. This was seen as the development of large-scale machinery to simulate what researchers could already do in the laboratory.

Even in a nation faced with starvation the idea of a completely novel source of food aroused powerful and mixed emotions—wide interest but at the same time deep scepticism. Mr. Pirie says that he was told at the same time and sometimes by the same people, that the idea of leaf protein as a human food "could not possibly be practical, and that it was so important that I must be more secretive and not explain, to those whose pulpers I was testing, what was intended lest the Germans should get hold of an important idea."

Mr. Pirie, whose ideas were not used to feed wartime Britain, persevered with the problems of leaf fractionation. Although he was working at the Rothamstead laboratories of the Agricultural Research Council, most of his funds for leaf protein came in special grants from the Rockefeller and Wolfson foundations. By the mid-1960s he had developed a continuous process which—while still eliciting such comments as "I prefer beefsteak" from the well-fed—yielded an edible form of leaf protein. Even United Nations endorsements in 1970, did not bring a quick response.

Find your Feet, a small UK relief agency, sponsored the Indian trial. It estimates that about 56m Indian schoolchildren are undernourished to varying degrees. About 35m Indians are suffering from anaemia, and about 5m from vitamin A deficiency. Find your Feet had to work for a decade to accumulate enough funds to mount the first controlled experiments in human feeding with the Pirie process. The setting chosen was Coimbatore in Southern India, where 250 children aged 2-5 were the subject of a study lasting two years. The study compared leaf protein with three other "conventional" sources of protein and one carbohydrate source, as supplements to the local diet. Of the 250, 40 received 10 grammes of leaf protein supplement per day.

Most people who see the leaf protein extract manufactured by the Pirie process are discouraged by its unprepossessing appearance. However rich it may be in protein, vitamins and minerals, it still looks like green porridge.

The Pirie process itself is a mechanical one, in which plant cells are gently ruptured and their contents pressed and flushed out. No chemical additions are needed except at the end of the process where the local water supply may need acidifying—for example, with lemon juice—to make the extract flow more readily. According to Dr. Bray, several dozen recipes have been devised for using leaf protein in human foods.

Coimbatore was selected because of the long-standing efforts of its Sri Avinashilingam Home Science College to teach better dietary habits and home-management in Indian villages.

The source of the leaf protein chosen was lucerne, a leguminous forage crop cultivated in almost all parts of India. Under favourable conditions it yields about 60 tons of fresh forage a year, from about a dozen cuttings. It is rich in protein, minerals, and vitamins A, C and E. The college already grew some of its own, but to guarantee regular supplies for the trial a local farmer was asked to provide it.

The Pirie machine was set up by a former associate of the inventor, who spent a month at Coimbatore training a technical and a research worker to operate the process. The process produced an extract containing 60 per cent of protein on a dry-weight basis, rich in lysine but deficient in the sulphur-containing amino acids.

After discussions with local government officials and village leaders, Dr. Devadas selected six communities for her feeding programme, where there was a good rapport between college and village and no similar project had already been established. Each of five villages tried out one diet supplement: cassava, skimmed milk, horsegram, cereal pulse and leaf protein. The sixth was the control. About 40 children participated in regularly eating each supplement every day throughout the six-day school week.

The charity Find Your Feet comes to five conclusions in its report:

1—Leaf protein is readily accepted in its unmodified green form from the processing machine.

2—It has no adverse side-effects upon children.

3—Growth response to leaf protein is slightly less than to skimmed milk but at least as good as for the other three supplements.

4—General health of all children given leaf protein improved over the two-year trial.

5—Leaf protein increased retinol levels in blood serum more than any other supplement—a significant factor in view of the high incidence of vitamin A deficiency.

Dr. Bray sums up thus: Leaf protein is not as good as skimmed milk but it is only 15 per cent of its cost on a protein basis. And it has the benefit of being rich in vitamin A and several minerals. "We are very confident that it is going to be less expensive than any other protein available."

The "unique and crucial" trial at Coimbatore, as Dr. George Wadsworth, a member of the World Health Organisation's committee on nutrition, sees it, is only the beginning of a big experiment: one they now have every encouragement to pursue. A bigger trial is already being planned to compare more carefully the economics of leaf protein with alternative protein supplements. At the same time there are trials in using the fibrous residue from leaf fractionation as animal feedstuffs. Another way of minimising costs may be the selection of plants yielding a still higher fraction of protein than lucerne.

* *Report on leaf protein feeding trial conducted at Coimbatore, South India, 1975-77. Available from Find your Feet, 13-15, Frognal, London, NW3.*

Gulf 'must enter Western markets'

BY DOINA THOMAS IN BAHRAIN

THOSE GULF States either planning or already running heavy industry must in the near future negotiate quotas with Western economic institutions for entry into protected Western markets. "We should then fairly and sensibly divide those quotas between ourselves" Mr. Yousuf Al Shirawi, Bahrain's Minister for Development and Industry, said on the second day of the conference on Finance and Industrial Development in the Gulf, jointly organised by the Bahrain Society of Engineers and the Financial Times.

Mr. Al Shirawi argued that some heavy industries in the Gulf could be successful if proper attention were paid to the marketing of the products, adding that "sanity and realism" were dawning over Arab industrialisation plans. He also suggested it was time to re-examine the feasibility of a variety of light industries, given the increased population, consumption, and wealth of the Gulf states.

Mr. Georges Brondel, Director of Hydro-Carbons and a member of the EEC Commission, suggested a variety of areas of possible co-operation between the EEC and oil producers, including the search for uranium and the development of natural gas processing. "The Commission sees scope for joint ventures between European and oil producing countries in energy projects in non-oil developing countries," Mr. Brondel said

Mr. Richard A. Debs, President of Morgan Stanley International Inc., discussed the role of the Investment Banker in securing successful developments at a measured pace. "A developing country will require investment banking services even when it is in a capital surplus condition," Mr. Debs said. "There is a clear role for investment bankers whenever a country reaches the stage of being able to finance in the capital markets, whenever a country undertakes project financing and whenever a country seeks to invest its surplus funds."

Mr. Hassan Fakhro, General Manager of the Bahrain National Oil Company and this year's President of the Bahrain Society of Engineers, the co-sponsors to the conference, spoke of the demands of Gulf business on the banking community where development projects were concerned. Although he was speaking primarily as President of the six-year-old Bahrain Society of Engineers, Mr. Fakhro did refer briefly to the major project currently being undertaken by the Bahrain National Oil Company, a processing facility utilising the gas associated with Bahrain's oil field.

He pointed out that, in this instance, the company's funds were as much at risk as the loan fund provided by the banks. "The real risk to bankers, and to providers of equity capital, is the competence of contractors and their ability to complete to specification and to time." Mr. Fakhro suggested that bankers should get involved in virtually every stage of the growth of a new project.

Mr. Fakhro added that Gulf businessmen need from international bankers a greater understanding of local construction conditions, and the confidence of local contractors. "It is of no help to the business community if bankers make rash loans," he observed.

Mr. Aroon Basak, Deputy Director of the World Bank/United Nations Industrial Development Organisation Co-operative programme, pointed out that the Middle East is emerging as one of the most attractive areas for developed country entrepreneurs when investment of capital and technology is considered. Mr. Basak observed that Middle East countries will need to involve themselves increasingly in international industrial co-operation. "The development of the Middle East region will rest predominantly on efforts of the countries themselves," he argued, but added that there was scope for various supporting measures from the United Nations system and specifically by UNIDO. Mr. Basak revealed that UNIDO is considering the establishment of a multilateral insurance scheme covering consequential losses on development projects.

Dr. Rajai Abu Khadra, lately adviser to the Kuwait Chamber of Commerce, discussed the success—or otherwise—of investment for development in the Gulf. (His paper was read by his wife.) Dr. Abu Khadra warned that the Gulf states could not all be treated in a like manner. He divided them into three groupings, the rich oil states, (namely Saudi Arabia, Kuwait, Abu Dhabi and Qatar), the service centre states such as Bahrain, Dubai and Sharjah, and the more marginal oil producers which are considerably less wealthy.

The conference was brought to a close by **Mr. Gerald Tedder**, managing director of the Banque Arabe et Internationale d'Investissement who summarised the main points made during the day. He observed that the exchange of ideas between bankers and engineers had been most useful to both.

FINANCIAL TIMES
Development in the Gulf
CONFERENCE

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AMERICAN NEWS

Waldheim initiates new talks on Namibia

By Our Own Correspondent

NITED NATIONS, Oct. 23.

R. KURT WALDHEIM, nited Nations Secretary-eneral, is continuing efforts o resolve the Namibia dispute n terms proposed by the ecurity Council, and has nitiated further consultations, e said today.

But in his report, requested y the Council in its September 9 resolution authorising the ispatch of UN troops to the rritory, Dr. Waldheim sup-lied no new information about amibia developments.

This, it is understood, is rgely because he has yet to eceive the formal responses of ie five Front-Line states to the lan negotiated with the South fricans last week by Dr. avid Owen, British Foreign ecretary, Mr. Cyrus Vance, .S. Secretary of State and eir French, West German and anadian colleagues.

Dr. Waldheim is expected to nd his special representative, r. Martti Ahtisaari, to amibia for further talks with ie Administrator-General, as ecommended by the West, nly if Angola, Botswana, ozambique, Tanzania and ambia do not object.

He must also consider the ews of the SWAPO guerrilla roup.

This provided for South frica to go ahead with ternally-arranged elections in amibia in December—on the nderstanding they would be nsidered null and void by the N—and Pretoria's commit-ent to recommend that UN-pervised elections take place ter.

Dr. Waldheim's report today eferred to his discussions with r. Adriaan Eksteen, the South frican representative, and the estern five, including Mr. onald Jamieson, the Canadian xternal Affairs Minister. But e Secretary-General supplied rtually no details, leading servers to conclude that dis-ussions are at a delicate stage.

The Africans want an early turn to the Security Council, ut Western members hope to oid the reopening of the ouncil debate on the Namibia roblem while an all-out effort mounted to persuade the ront-Line states and SWAPO go along with the Pretoria ompromise.

Schlesinger for Peking

WASHINGTON, Oct. 23

IR. JAMES SCHLESINGER, .S. Energy Secretary, will rrive in Peking tomorrow for lks with Chinese officials on nergy issues, an Energy De-artment spokesman said.

Mr. Schlesinger is also cheduled to visit Japan on ovember 5 for two days efore returning to the U.S. enter

U.S. steel price rise blamed on trigger system

BY STEWART FLEMING NEW YORK, Oct. 23.

THE TRIGGER PRICE system for steel imports has raised U.S. steel prices by $50 a ton over the past year and added to inflationary pressures in the economy, according to Mr. Kurt Orban, president of the American Institute for Imported Steel.

The Institute, a trade association of steel importers, has been critical of the attempts to control steel imports for the benefit of the U.S. steel industry.

Mr. Orban claimed that the price increase since November, 1977, is roughly 20 per cent and that this has had a direct inflationary impact of about $6bn on the economy.

Mr. Orban's remarks follow Friday's announcement that the U.S. Treasury was starting its first anti-dumping investigations based on information gathered under the trigger pricing system.

The system came into effect in May. It assumes the possibility that steel imported below the established trigger price is being dumped at below production costs. This assumption follows from a decision to base the trigger price on Japanese steel production costs, which are held to be the lowest in the world.

There are growing doubts about whether this is still true of Japanese costs. For the time being, however, the Treasury is continuing to use the system established at the beginning of the year.

Thus, on Friday the Treasury said that it was starting anti-dumping investigations against companies in Spain, Taiwan and Poland on the grounds that the companies were selling steel into the U.S. at levels significantly below trigger prices.

Before sanctions such as countervailing duties can be imposed, the Treasury will have to prove that the sales were also being made at below the companies production costs. Then the U.S. International Trade Commission will have to establish that the U.S. steel industry has been injured by the illegal dumping.

As the first investigation announced, using information gathered by the trigger pricing system, the move has symbolic value. But observers point out that the countries named in the investigation are small exporters of steel to the U.S., accounting for under 3 per cent of total steel imports.

Therefore, it is argued that even if dumping and injury are proved, the findings will have little impact on the overall level of steel imports.

The steel industry has been complaining bitterly about the overall import trend.

When the trigger price system was introduced, administration officials were predicting that it would reduce imports share of the U.S. steel market from 18 per cent to 14 per cent, but steel imports have continued to rise. In the first eight months of this year, imports accounted for 18.4 per cent of the market.

A substantial proportion of the rise in imports has come from European steel makers. U.S. steel industry officials have been waiting to see whether the trigger price system will be employed against any major European producers. For the time being, however, American concern about such imports is being expressed through private diplomatic channels.

Launch of Murdoch paper delayed by nervous unions

BY JOHN WYLES NEW YORK, Oct. 23.

PROSPECTS for an early launch of Mr. Rupert Murdoch's new morning paper in New York City, the Daily Sun, may now depend partially on attempts to end the 11-week pressmen's strike at his two potential rivals, the New York Times and the Daily News.

This appears to be one of the ironies emerging about the problems confronting the Australian publisher, whose breakaway settlement with the pressmen three weeks ago enabled him to resume publication of his afternoon newspaper, the New York Post. Since then the Post has been publishing a regular Sunday edition and attracting a vast amount of advertising. But its success is creating some resistance among printing unions against allowing Mr. Murdoch any fresh opportunities to capitalise on the continuing absence of the Times and the News.

The pressmen are believed to share this uneasiness and speculation here today was that they may not give Mr. Murdoch the green light for the Daily Sun until a settlement has been reached at the Times and the News.

Canada shipping strike deadlock

BY VICTOR MACKIE OTTAWA, Oct. 23.

TALKS AIMED at ending the week-old strike which has paralysed Canada's inland shipping fleet broke down on Sunday night and the Government is desperately trying to resume negotiations to avoid the 122 Great Lakes and St. Lawrence River Carriers being tied up in the waterways by the winter freeze.

The negotiations between the Great Lakes Carriers Association, representing shipowners, and the Canadian Marine Officers Union, representing 375 striking marine officers, ended in deadlock.

But the federal Government mediator said the talks will be resumed on Monday.

Mr. Leo Bouvier, vice-president of the carriers association, commented: "The way it stands now, the union is interested in a higher settlement and we are not prepared to go any further."

Mr. Bouvier said his association would welcome Government intervention, in the form of legislation to get the fleet moving again.

Mr. Gilles Gauthier, president of the officers association, said: "The issue is not only money—although that's the big item. For instance, the union has asked for a letter guaranteeing there will be no lawsuits against union officials."

The carriers association has not agreed to issue a guarantee.

Mr. Gauthier also said marine officers, who look after electrical, mechanical and hydraulic equipment on the ships, would obey federal back-to-work legislation, although they would not welcome it.

Mr. Bouvier said the carriers association was ready to return to the bargaining table if the union was prepared to do so.

He said chief officers on some ships would try to keep their vessels operating as long as possible, but this would be difficult. "For example, chiefs from five iron-ore carrying ships would be needed to keep one such vesesl operating," he said.

The officers' union wants to accept a recent conciliator's report recommending a two-year contract for wage increases of 10.5 per cent the first year and 2 per cent—plus a percentage increase in the consumer price index between June 1 and May 31, 1979—in the second year.

The shipowners' association described such demands as inflationary. Mr. Bouvier said his group considers its last offer, amounting to 27.7 per cent over 31 months, to be final.

● Canadian internal postal workers remained off the job today, completing a full week's disruption of the postal system, despite the Parliamentary legislation ordering them back to work.

The Canadian Union of Postal Workers — representing 23,000 inside workers—has established picket lines around post offices, and letter carriers are refusing to cross the lines.

PRESIDENT CARTER'S ENERGY BILL

Texans prepare to fight back

BY DAVID BUCHAN IN AUSTIN, TEXAS

THE CONTROVERSY over President Carter's energy bill may be over in Congress but has by no means run its course. The key part of the bill dealing with natural gas now faces the imminent threat of a court challenge by the three big gas-producing states, Texas, Louisiana and Oklahoma. The attorneys-general of the three states have decided to file a joint suit against the U.S. Government and say they will do so the minute Mr. Carter signs the energy bill, now expected to be early next month.

The manoeuvring is closely connected with the political fact that both Texas and Oklahoma are electing governors next month. Politicians in both races are busy playing to their state electorates. Nor are the producing states, which wanted an immediate end to, and not just a gradual phasing out of, price controls going to overturn the whole edifice of the energy bill.

The Texas Attorney General, Mr. John Hill, who is running hard to be the next Democratic Governor of Texas, said his state would direct its challenge to that provision in the bill which for the first time extends federal price controls to gas consumed inside a producing state, the so-called "intra state market."

The three states feel they have the strongest constitutional ground for complaint here. It is also of particular importance to Texas which consumes nearly 65 per cent of its own gas, a far higher proportion than do the other two producer states. Louisiana sells most of its gas to other states. Mr. Hill said Texas and the other two might also contest the authority given the federal government to allocate supplies of "intra state" gas to other parts of the country in times of severe shortage.

Texas is still the largest single producer of domestic gas, just ahead of Louisiana. Last year it accounted for 35.3 per cent of total U.S. production although ten years earlier it provided as much as 41 per cent. Texan oil last year amounted to 38 per cent of total U.S. production, but this proportion is likely to decline sharply with Alaskan oil starting to flow this year. Texan politicians, and certainly the candidates contesting this year's two state-wide races for governor and for the senate, vie with each other in calling for the protection of the states "energy heritage." They argue it should not be squandered to the "rapacious and ...undeserving" industrial states of the north east and mid west, which, because of government controls, do not pay a decent market price for it.

Dislike of Government interference in the energy market, coupled with a certain innate Texan chauvinism, has produced a form of economic nationalist rhetoric that makes one think more of the developing countries than of one of the richest parts of the world. Mr. William Clements, the millionaire oil driller running on the Republican ticket for governor stridently calls for a special tax on energy leaving Texas for other parts of the U.S.

His model is Montana which recently introduced a 30 per cent tax on coal shipments leaving its borders. The courts have been asked to determine whether the U.S. constitution permits this. Mr. Clements also thinks Texas should slow down the rate at which its gas is extracted. It is the quaintly named Railroad Commission, the regulatory body for oil and gas in the state, that decides on technical grounds what the extraction rate should be. Mr. Clements is suggesting that some political juggling be done with this formula so as to frustrate President Carter's aim of getting more gas flowing out of the ground and Texas.

Mr. John Tower, the Republican Senator who is seeking a fourth six-year term, and his democratic opponent, Congressman Bob Krueger, strive to outdo each other's calls for total deregulation of gas prices. Mr. Krueger boasts that he came within three votes of getting the House of Representatives to do this in November 1976 while Senator Tower claims credit for nearly sabotaging the Carter energy package in the Senate this year.

Texans complain, with justice, that their gas is cheaper to inhabitants of other states than to themselves. The controlled price in the inter-state market was about $1.50 mcf (1,000 cubic feet) when the new energy bill was passed while Texans now pay an average of $1.75 per mcf.

The extension of federal controls to the inter-state market will not cut prices in Texas, but merely hold them down while inter-state prices catch up. So the distortion will gradually be eliminated but not as fast as most Texans would like. They would prefer to see the free market rule in the whole of the U.S. gas industry.

Many more Texans consume than produce oil and gas and, therefore, might be presumed to have some interest in lower prices.

But all Texans share an indirect interest in high energy prices. The petroleum industry alone accounts for 22 per cent of all state taxes, and oil and gas taxes for 59 per cent of state spending on teachers' pensions, medical assistance, and handicapped children and for 30 per cent of state support for public education. Some of this comes from oil and gas extracted from state land.

Mr. Carter's energy policy has made him an issue in this year's Texan elections. Campaigning in 1976, Mr. Carter promised Texans he would deregulate gas prices. The following year he proposed nothing of the kind, though Congressional pressure has now eventually produced a watered-down version of deregulation. This "deception" by the President has been used to good effect by Republicans, who are mounting their best organised and most expensive bid in this century to try to shake the democratic stranglehold on the state.

—Electioneering in a state that has 254 counties and whose east-west and north-south axes are longer than the distance from New York to Chicago, requires a large amount of money.

But the Republican candidates have made a conscious decision that in the state-wide races, at least, they need to outspend their Democratic opponents by 2-1 to overcome their traditional handicap here.

The top spender is Mr. Clements, who is likely to spend $3.5m for the gubernational general election alone. Part of this comes from his private fortune, made in drilling in the North Sea and elsewhere by SEDCO, his own company.

Mr. Clements has tried at every opportunity to tie Mr. Carter around his opponent's neck. The President is not only unpopular with the oil and gas industry. His decision this spring to enlarge beef import quotas in an effort to bring down beef prices, a major component in inflation this year, angered Texan ranchers, another traditionally strong state lobby. Bumper stickers in West Texas, the heart of the ranching country, carry the message "Import beef, export Carter."

Despite all this, Mr. Clements has probably not closed the gap with Mr. Hill, who has waged a lower key and less expensive campaign but with confidence that the Democratic factions will come together to vote for him on November 7.

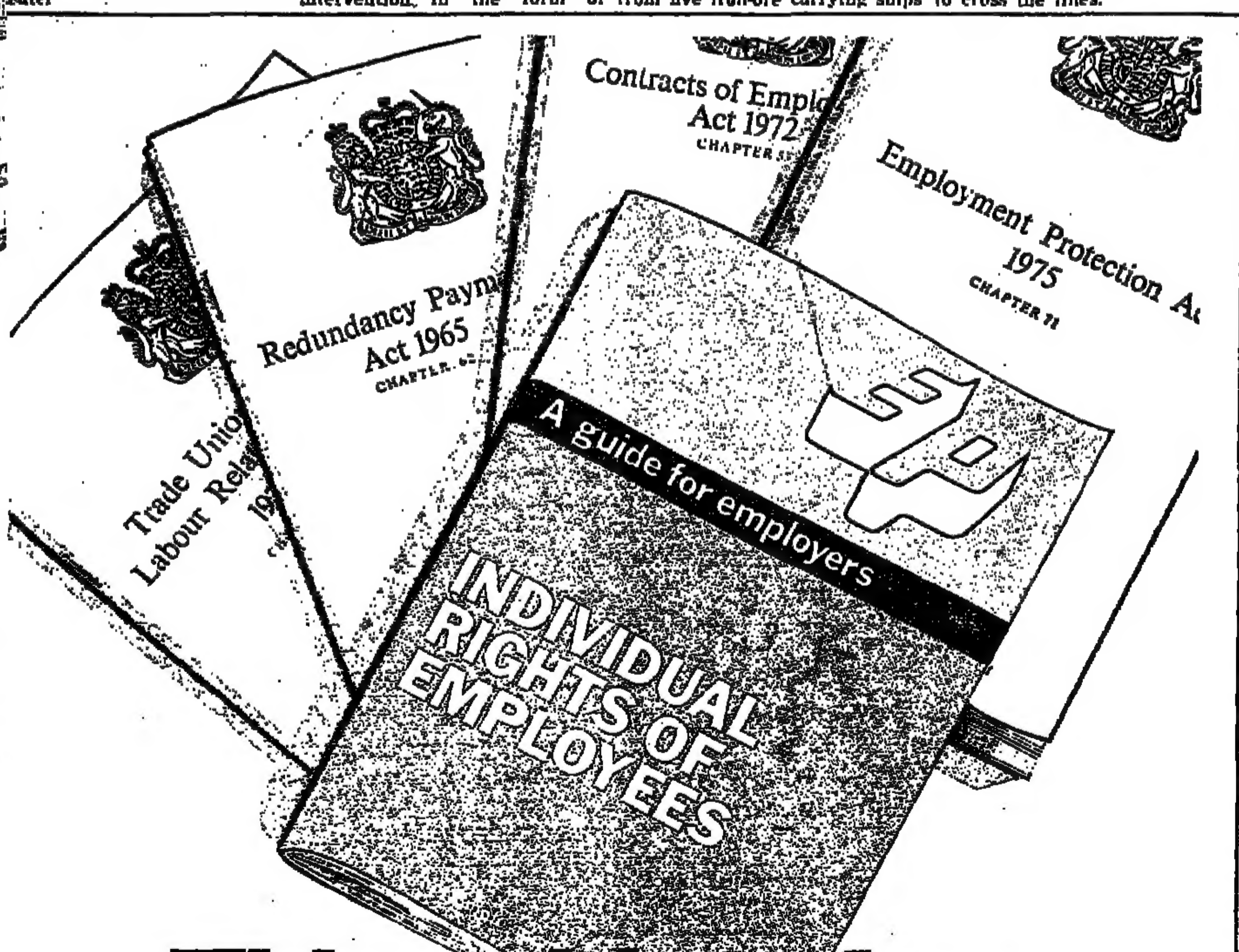
Republicans start from a quite different position in the two other major state wide races. On their ticket for attorney general is Mr. Jim Baker, deputy Commerce Secretary in the Ford administration and then later Mr. Ford's campaign manager who, pitted against a conservative Democrat of no great merit, might just win.

Senator Tower has always been regarded as something of a Texan oddity. Elected in 1961 to replace Lyndon Johnson, and the first Republican senator from Texas since the 19th century, he has to the surprise of many, held on ever since.

His opponent, Bob Krueger, has waged an extensive campaign virtually abandoning his duties in Washington in order to make his name better known among Texans this year. But he has had problems, some of his own making, such as his relations with organised labour. Only about 13 per cent of the Texan workforce is unionised, about half the national average, and Texas is one of some 20 states that have "right to work" laws. They require that union membership cannot be made a condition of employment.

Mr. Krueger last year voted for the Labour reform bill, which failed to get through the Senate (thanks, in part, to Senator Tower) but which would have made organising easier for the unions in areas of the country like Texas, traditionally inhospitable to unions. Mr. Krueger, in a bid to win back some of his conservative Democrat following, has since said he would reconsider this bill if it ever came up again. But this has not helped an otherwise effective campaign.

The energy Bill may have gone through Congress but President Carter's troubles with it are far from over. Among those claiming credit for almost sabotaging the Bill is Mr. John Tower, left, a Republican Senator for Texas, who is running for re-election next month and making energy policy a major issue.



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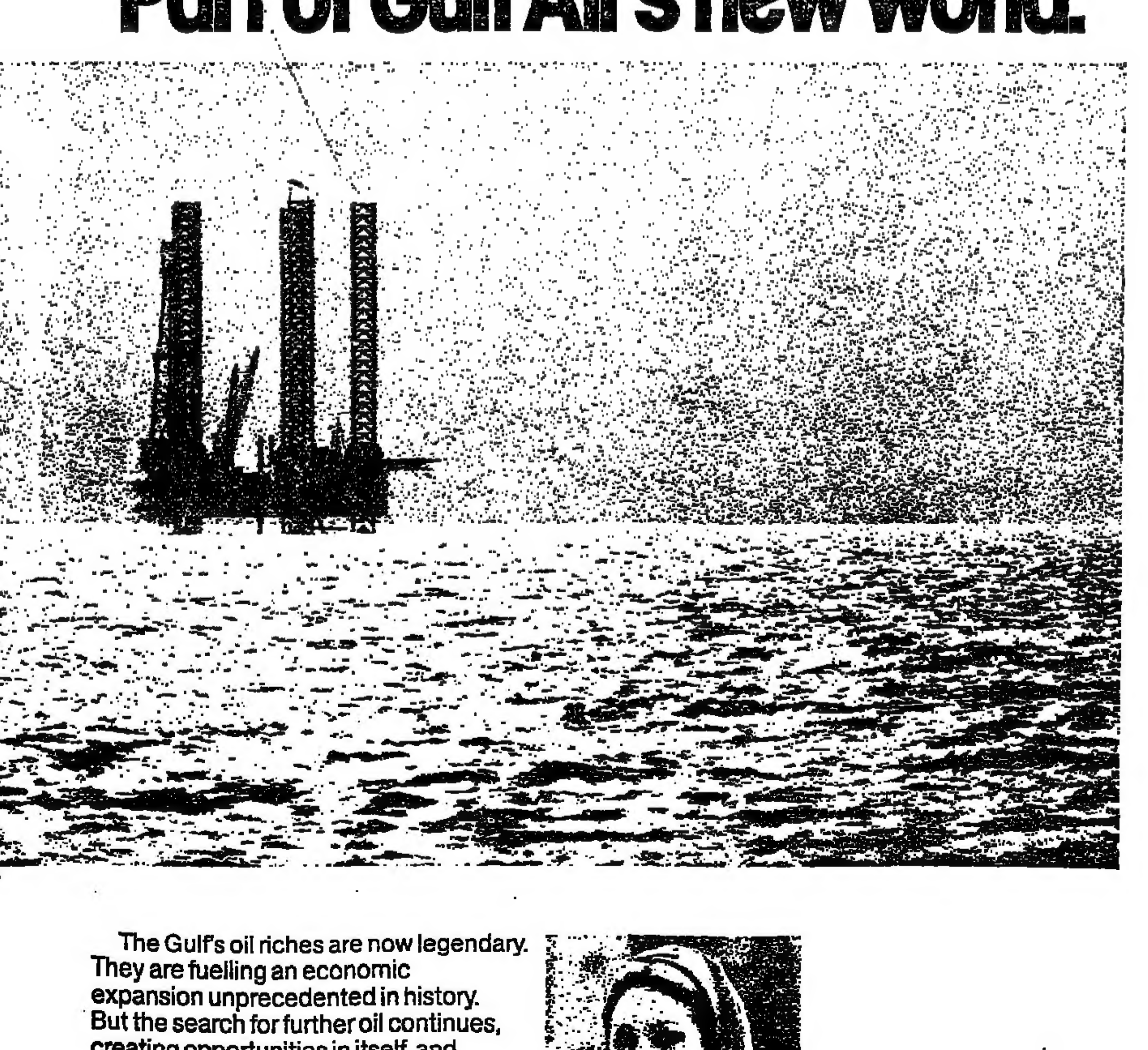

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WORLD TRADE NEWS

Japanese aircraft leasing plan attracts U.S. airlines

BY CHARLES SMITH TOKYO, Oct. 23.

JAPAN'S aircraft leasing scheme which was introduced this summer as a means of unloading excess foreign exchange is reported to have attracted the interest of American airlines and could lead to leasing on a very large scale.

Under the scheme foreign aircraft are imported by Japan and then leased to overseas airlines. The money paid for the aircraft shows up as debit in Japan's trade statistics (usually with the U.S.). Import finance, in dollars, is provided by the Export-Import Bank of Japan which in turn borrows from the government.

The attraction of the scheme to foreign airlines is that it is cheaper than buying aircraft outright. It is also usually cheaper than leasing aircraft through "normal channels" since the interest on Ex-Im Bank loans is relatively low.

The bank lends to Japanese leasing companies at a long term fixed rate of 6 per cent while the leasing company itself usually charges a service fee of 1.5 to 2.0 per cent. Thus the total cost to the airline works out at some 7.5 per cent or 8.0 per cent of the value of the aircraft. U.S. leasing companies, by contrast, usually charge an annual leasing fee of 10 per cent of the value of the aircraft.

Because of the clear difference in cost between domestic leasing and leasing through Japan, U.S. airlines are reportedly "very interested" in the Japanese scheme. The requirements of American airlines for new aircraft dwarf those of other airlines so that Japan could find itself in big demand for finance. However, there are at least two serious snags involved in the whole idea of leasing aircraft to U.S. airlines.

One is the question of whether the U.S. authorities would consider that aircraft covered by the scheme should be classified as exports to Japan—in view of the fact that the aircraft would not have to leave the U.S. itself to pass through the leasing process.

The other snag is the existence of strong opposition to the scheme from U.S. banks and leasing companies. These would clearly stand to lose a large amount of business if the Japanese scheme "took off."

Although the leasing scheme was launched this summer only one aircraft has so far been leased—a Boeing 747 to British Airways. Some 80 leasing applications from other foreign airlines (mainly in South-East Asia) have been received and should be approved before the end of the current fiscal year (when the scheme itself will end).

Given the time required for process it is estimated that the effective deadline for leasing applications under the scheme is next January—two months before the end of the fiscal year. American airlines appear ready to submit applications by January if not before, but it is doubted whether the U.S. Administration will be able to make up its mind by the end of the year to declare participation in the scheme as being in the national interest.

The purchase of aircraft for leasing forms part of the Japanese "emergency import" programme for which the Government has set a target of $4bn during the 1978 fiscal year. During the first half of the year loans committed under the programme by the Ex-Im Bank totalled $1.35bn with the major portion (just over $1bn) accounted for by advance payments for uranium enrichment.

Record loan to be signed in Tokyo

By Richard C. Hanson TOKYO, Oct. 23.

THE LARGEST loan agreement ever arranged by Japanese banks for an overseas borrower, $770m for 12-years to the joint Brazilian-Italian-Japanese steel project, Companbia Siderurica Tubarao, will be signed here tomorrow.

After considerable haggling, the 22-bank all-Japanese group decided on a three-year drawdown plan which will commence probably with a $350m disbursement at 1¼ percentage points over Libor, followed in the second year by $250m at 1¼ per cent above Libor, and a third-year tranche of $100m also at 1¼ per cent.

The three-year plan was fixed to prevent the massive influx of funds for the project from being diverted to other uses. There was considerable interest on the part of the Japanes Government in completing the loan

Failure to complete the nearly $3bn Tubarao project—a joint venture between Kawasaki Steel, Italy's Finsider and Brazil's Siderbras — would have hurt Brazil's industrial development plans, and may have jeopardised healthy Brazil-Japan economic ties.

Kawasaki Steel and Finsider each hold 24.5 per cent shares in the Tubarao project, which is to be capitalized at $530m. The project was threatened more than a year ago when Brazil proposed a change in the holdings of the Italians and Japanese to a larger share which would have meant additional capital expenditure on their part.

In the first stage of the project, due to be completed by August 1982 (or two years behind the original schedule), the plant will produce about 3m tons of semi-finished steel a year.

Kawasaki and Finsider have revised downward the amount of the output they will take to about 300,000 tons of slab and year from an original 600,000 tons as part of a modified agreement. At the same time it was agreed that Japan would provide the additional bank loan to be signed now.

Crisis cartels 'acting against employment, price stability'

BY DAVID FREUD

WORLD GOVERNMENTS are acting against their own objectives of price stability, full employment and maximum output by allowing "crisis cartels" to be formed, Dr. Jan Tumlir, director of research at the GATT Secretariat, warned yesterday.

He claims that such cartels do not advance the public interest but work against it, being directed at maintaining the profitability of real capital, not at maintaining employment.

In the October issue of The World Economy, published by the Trade Policy Centre, he suggests that the increased advocacy of cartel arrangements since 1974 has come about because "cartels are now being conceived as substitutes for other forms of protection against imports. Cartelisation appears to be the last stage or refinement of protectionism."

Although cartels state that they are set up to deal with problems of excess capacity, "by cutting back output, in order to raise the price, a cartel increases the extent of the excess capacity it was supposed to eliminate."

In the absence of the cartel agreement the depressed industry would be producing a larger output and selling it at a price which covered variable but not all fixed costs.

Some financially weaker companies would have to be taken over, reorganised or perhaps liquidated, their physical capacity temporarily idled. The economy at large, however, would recover more speedily.

"With the demand for its product growing again, the industry in question could gradually rehabilitate many of its high-cost facilities by additional investment. In fact, there would be some flow of efficiency-improving investment even during the recession period."

By contrast such efficiency-improving investment was less likely in a cartelised industry since cartel members are usually obliged not to expand their output capacity and most efficiency-raising investments increase capacity as well, Dr. Tumlir says.

The short-fall of investment will have repercussions beyond the recession period. In countries not belonging to the cartel the same industry continues to invest, adding technologically advanced production units.

This creates an international gap in the industry's cost-price levels and leads either to protection for the cartelised part of the industry continuing indefinitely, or further shrinkage of its production when the cartel ends.

Dr. Tumlir concludes: "Only competition, protected and enforced by law, can keep group interests in check and the commerce of nations from degenerating into a mercantilist struggle."

The World Economy, The Trade Policy Research Centre, 1, Gough Square, London, EC4.

Shell signs for more Kuwait oil

By Our Own Correspondent KUWAIT, Oct. 23.

Shell International Trading Company, the crude-oil trading subsidiary of the Royal Dutch Shell group of companies, has signed a three-year contract with the Kuwait Oil Ministry for the purchase of 360,000 barrels a day of Kuwait 31 API—60,000 bd more than under its old contract.

Under the new contract, effective from October 1, Shell has the leeway to purchase 45,000 bd more or less than the base figure. It will continue to receive the 15 extra days of credit over Kuwait's customary 60-day period. This amounts to about 4 cents less a barrel.

The old contract had stipulated that Shell would spot charter Kuwaiti tankers if they were outfitted to the company's needs and if their prices were competitive, and Shell did do this a few times. Under the new contract, Shell has agreed to a long-term charter of one of Kuwait's tankers if the qualifications on prices and fittings are met. Geoffrey Hamber, president of the company, said he anticipated Shell would use Kuwait's tankers more under this contract.

Shell expects to buy the maximum amount of crude permitted for the next three months, or 405,000 bd. Companies usually stockpile in the fourth quarter of the year anticipating the heaviest demand in the first quarter of the next year. Added to this is the expectation this year that OPEC will vote at its December 16 Abu Dhabi meeting to raise prices.

Kuwait's contracts with its old concessionaires, BP and Gulf, do not expire until March, 1980, but renegotiation is to begin in about six months. Gulf's contract is for 500,000 bd and BP's for 450,000 bd, both with a leeway of 10 per cent more or less averaged over the year.

Computer sale to China

TOKYO, Oct. 23.

Plans to export a large Japanese-made computer to China have been approved by a 15-nation committee which screens sales of advanced technology to Communist nations, according to Government sources.

They said the Japanese company, Hitachi Limited, had received the go-ahead from the Paris-based Consultative Group Co-operation Committee (COCOM) to sell to China a £3m. computer for geological surveys including exploration of oil and other mineral resources.

Reuter

Malaysian export scheme

BY WONG SULONG KUALA LUMPUR.

THE MALAYSIAN Export Credit Insurance Berhad, a company set up jointly by the Government, commercial banks and insurance companies to provide insurance cover to exporters, was officially launched by the Deputy Prime Minister, Dr. Mohammed Mahathir today.

The company has an authorised capital of 150m ringgits (about £34m) and is capable of extending insurance cover to exports worth 25 times that amount.

Dr. Mahathir said the launching of MECIB reflected the importance of export of manufactured goods to the Malaysian economy, and the growing competition faced by Malaysian manufacturers in overseas markets.

Between 1968 and 1976, Dr. Mahathir said, exports of manufactured goods had risen from 430m ringgits, accounting for 10 per cent of total export earnings to 2,300m ringgits, accounting for 19 per cent of export earnings.

MECIB began operations last June when it issued its comprehensive short-term policy (shipment). Its second scheme, the comprehensive short-term policy (contracts) will be introduced shortly, while its comprehensive services policy is being planned.

Ghana gets $20m credit from ECGD

The Export Credits Guarantee Department has guaranteed a $20m line of credit to Ghana. Finance for the loan has been arranged by Standard Chartered Merchant Bank Limited, acting on behalf of Standard Chartered Bank Limited, Barclays Bank International Limited and Chemical Bank. This is the second line of credit to Ghana to be opened this year.

ECGD also announced they would be sending Mr. Richard Foister, an underwriter, from its head office in London, to Mexico next month to advise exporters attempting to secure business at the British Industrial Exhibition in Mexico City from November 8 to 17.

Brazil cuts dependence on commodity exports

BY DIANA SMITH RIO-DE-JANEIRO, Oct. 23

THE HIGH COST of converting Brazil from a traditional commodities exporter to an exporter of manufactured goods is graphically depicted by a study released by economists of Brazil's Foreign Trade Studies Foundation.

This year, for the first time in its history Brazil exported more manufactured or semi-manufactured goods than commodities: $3.963bn of the former, $3.86bn of the latter to September.

Divirsified exports are deliberate Government policy, aimed at guaranteeing new markets, especially in the developing world and protecting the trade balance from the vagaries of weather, blight or other farming hazards.

This year, manufactured exports increased by 31 per cent, while agricultural exports dropped by nearly $1.2bn from January to September.

The price per export dollar earned of this policy is a heavy one, the study shows. Every export dollar derived from paper or pulp sales abroad costs $1.80 in raw materials, energy, manpower and other factors. Every dollar earned by foreign sales of lorries or buses costs $1.76, on artificial fibres, $1.74, cars or road machines $1.53, electrical equipment or ships, $1.55, communications equipment, $1.50.

The economists responsible for the study have expressed their concern that the sectors which make the heaviest drain on national resources

Plessey wins £9m order

By Our Aerospace Correspondent

PLESSEY RADAR has won a £9m contract to supply a modern radar and flight data processing system to control the Austrian flight information region.

The system will be installed in a new air traffic control centre in Vienna which will handle over half a million aircraft movements a year, with room for expansion.

A major sub-contractor will be Elin-Union of Austria, which will be responsible for the design and manufacture of control consoles, and the installation and provision of maintenance services.

Andean Pact trade talks

BY TONY COZIER BRIDGETOWN, Oct. 23.

AN AGREEMENT between the Caribbean Community and Common Market (CARICOM) and the Andean Pact is likely following state visits to Guyana and Barbados by the Venezuelan President, Sr. Carlos Andres Perez.

The subject was broached here by Mr. Tom Adams, the Prime Minister of Barbados, during Sr. Perez's two day visit over the weekend. Speaking at a luncheon in honour of the Venezuelan leader, Mr. Adams said there were ample opportunities for trade between the countries of CARICOM and those of the Andean Pact once the prohibitive tariff barriers of the latter were surmounted.

The suggestion was welcomed by Sr. Perez who criticised the protectionism of the developed countries.

MEXICAN TRADE

Portillo looks to the East

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN President, Sr. Jose Lopez Portillo, begins a much heralded 12-day trip to China and Japan today. This will be the second time in three years that a Mexican President has visited China, so reinforcing Mexico's desire to be "friends with everyone," as Sr. Lopez Portillo once said. The Japan visit is, however, of more commercial than political importance.

In China, the first country he will visit, Sr. Lopez Portillo will be particularly interested to view the country's agricultural development. The Government is giving high priority to trying to increase agricultural production in Mexico, which this year for the seventh year running will fail to keep up with the population increase. While population will rise by about 3.4 per cent this year, agricultural production is not expected to increase by more than 2 per cent.

Sr. Lopez Portillo feels that to some extent China and Mexico have common problems in population and the large number of people who depend upon agriculture for their livelihood. In Mexico about 40 per cent of the estimated 18.8m work force is employed in agriculture, and with many more people depending upon it the agricultural sector only accounts for 9 per cent of GDP. Most of the land is divided up into ejidos, State-owned small holdings which are largely unproductive not just because the units are too small but because of lack of investment and organisation.

Since coming to power in 1976, Sr. Lopez Portillo has also visited Russia and Bulgaria with the same thing in mind, studying the respective agricultural systems and recently a team from Bulgaria visited Mexico.

Mexico and China are not expected to sign any important trade contracts and trade between the two countries remains small. Last year Maxico had a balance in its favour of $7.9m, according to provisional figures from the Bank of Mexico, compared to a surplus of $1.1m in 1976. Last year's exports to China totalled $16.9m, and imports $9m.

On the other hand Japan is an important client for Mexico. Last year Japan was the third largest market for Mexican products and also the third largest supplier of goods, accounting for 5.4 per cent of the total exports and 2 per cent of the total imports.

During the period 1971-77 Mexico's exports to Japan, mainly cotton, salt, coffee, wood manufacture products, grew at an average annual rate of 6.7 per cent while imports from Japan grew 20.8 per cent, nearly all capital goods.

Up until 1974 the balance of trade between the two countries was in Mexico's favour but this dramatically altered after then as Mexico stepped up its imports of capital goods, particularly tractors. Last year's deficit with Japan was $212m compared to $205m in 1976 and Sr. Lopez Portillo will be seeking to reduce this deficit as much as he can. The only way he can do this is to get Japan to sign an agreement for the sale of crude and this will undoubtedly be the main topic of discussion.

Japan took 43 per cent of Mexico's cotton exports last year and while cotton exports could increase, their value will not substantially reduce the deficit. Just before Sr. Lopez Portillo left on his visit and obviously timed to coincide with his arrival, 300,000 barrels of crude oil worth more than $4m left Mexico for Japan. It was the first shipment of crude to Japan and Mexico will be hoping to follow this up in Tokyo with a definite agreement which would add Japan to its list of the U.S., Spain and Israel as clients of crude.

But the Japanese drive a hard bargain and will be wanting something in return for importing Mexican crude and so fulfilling another of the Government's wishes which is to diversify the crude market.

Japan was hoping to get a major part of the contract to build the Mexico City suburban railway, the first part of which would have been worth almost $1bn. But the Government has decided to shelve the project for the time being. Japan is also interested in investing more in Mexico but like other countries is put off by the country's laws on foreign investment which it regards as too restrictive. Japan had until 1976 invested an estimated $200m in Mexico, making it the eighth largest foreign investor — the U.S. remains No. 1.

Mexico and Japan recently held a high-powered conference in Tokyo to explain the position of foreign investment in Mexico. Mexican law states that 51 per cent of the capital for a project in Mexico must be domestic except in cases where products substitute imports, in which case the percentage of foreign capital can be greater.

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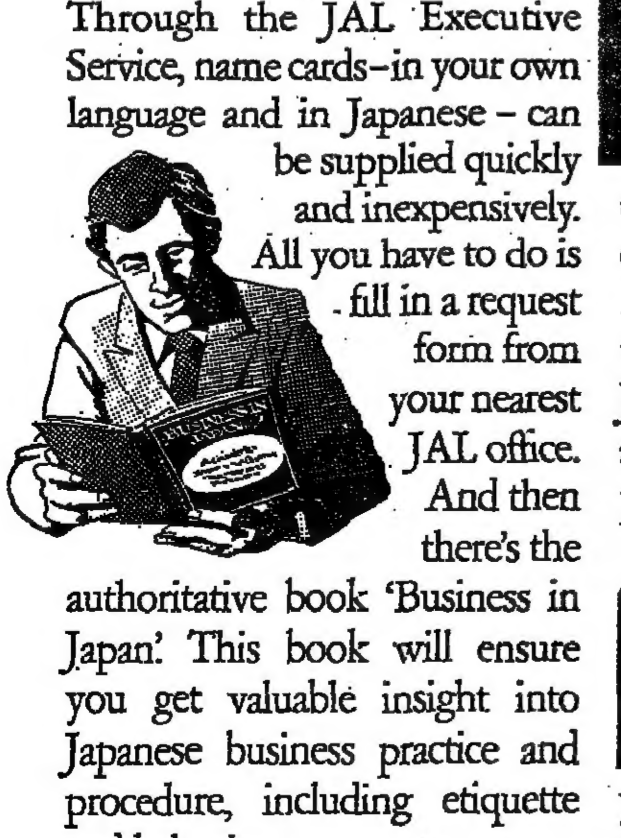

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HOME NEWS

.J.S. group confirms scheme for can production in UK

NANCIAL TIMES REPORTER

TINENTAL GROUP Inc. of U.S. yesterday confirmed it intended to start manu- ring cans in the UK—from i it was largely precluded last year under a reciprocal ment with Metal Box, in's biggest can producer.

recently-formed autonomous h subsidiary, Continental Company (UK), is planning sed investment programme ving the construction of two ree plants to produce two- beverage cans for the U.K. et.

der the project, which is subject to final negotiations, rst manufacturing facilities be sited in the Wrexham of North Wales, at a total tment cost of about £15m, ding employment for about eople.

intention is that work will rted at the site during the half of next year, with the ed plant coming on stream rly 1980.

details of further projects been made available, but ggested that if two further s were built on the same in the UK. Continental 's overall investment in British can manufacture could amount to between £45m and £50m

The commitment to invest in Britain — which should now go ahead, barring last minute hitches — also marks another step in the year-long story of Continental's disentanglement from Metal Box, with which it had close ties for more than three decades until an agreement was renegotiated at the British group's request last year.

Last week, Metal Box made a cash offer of $25m (£12.5m) for Risdon Manufacturing Company in the U.S., which produces metal, plastic and paper packaging components and containers for the cosmetics, personal care and other consumer product industries.

The bid, at $20 a share, has the support of Risdon directors, and marks the second big move into the U.S. by the British group since it renegotiated its agreement with Continental.

Metal Box's venture with Standum was for the manufacture of two-piece beverage cans, which Continental now plans to produce in the UK.

Heathrow ban is not yet enforceable

By Michael Donne, Aerospace Correspondent

IBERIA, the Spanish airline, and TAP of Portugal can go on using Heathrow until the Department of Trade issues an Order directing them to go elsewhere.

This was made clear yesterday when a writ by the two airlines against the Department of Trade and the British Airports Authority was heard privately in chambers by Mr. Justice Donaldson.

The Trade Department said that it intended to order the two airlines to move to Gatwick from April 1 to ease congestion at Heathrow. The airlines sought a declaration that the authorities had no powers to enforce the move.

Neither side would comment on the hearing, but it is understood that because the Trade Department had not yet made the relevant Order, under Article 58 of the Air Navigation Act, the question of forcing the two airlines to move did not arise.

Only when an Order has been made can the airlines sue the Department and the Authority in a bid to prevent their making it effective. Meanwhile, the airlines can continue to use Heathrow.

Switching off

THE SUMMER floodlighting programme in London ends at midnight on Sunday.

Liberals take hard line on political pacts

BY IVOR OWEN, PARLIAMENTARY STAFF

If the Conservatives replaced Labour as the largest single party in a hung Parliament, the Liberals would be ready to take their hard line approach on any political pact to the point where Mrs. Margaret Thatcher's leadership might be called into question.

The position is made clear in the Liberal Policy Handbook, published today. It faithfully reflects the insistence of last month's Liberal Assembly at Southport that any arrangement made with another political party must include a "cast iron commitment" to proportional representation.

Another pre-condition is that this commitment must be endorsed by the 1922 Committee of Conservative backbenchers or the Parliamentary Labour Party.

The formidable obstacle which Mrs. Thatcher's political stance presents to any such arrangement with the Conservatives is dealt with in a section devoted to rebutting assertions that the Liberals are only prepared to prop up a minority Labour government.

Taking up points made in a recent supplement to the Conservative Campaign Guide, the handbook deals with the claim that "the Liberals could not possibly make an arrangement with the present Conservative Party after the next election, because many of Mrs. Thatcher's policies are anathema to them."

The handbook admits that it would be difficult. It adds: "If after the next election, the Tories were the largest party but without a majority, Liberals would be ready to discuss possible arrangements.

"Do not underestimate the Tory Party's enthusiasm for power—Mrs. Thatcher might have to abandon some of her outrageous policies or the Tory Party might abandon her."

The handbook stresses that the Liberals have been the only party consistently in favour of controlling both prices and incomes, and condemns the main parties for having failed to halt Britain's economic decline.

Another passage underlining the deep divide between the Liberals and Mrs. Thatcher calls for "an enforceable prices and incomes policy, with national minimum earnings."

Health meeting

MORE THAN 800 delegates from local authorities, Government departments and other organisations yesterday attended the first day of the Environmental Health Association's annual congress.

Bid to curb bulk malt whisky exports

By Ray Perman, Scottish Correspondent

SCOTCH WHISKY distillers were asked yesterday to consider banning voluntarily any increase in bulk malt whisky exports over the next two years.

The proposal was put by the National Economic Development Council's distilling sector working party to about 70 company representatives at a two-hour meeting in Glasgow.

Bulk malt sales abroad have been pushing ahead far faster than bottled exports and were up by 24 per cent in the first eight months of this year.

A large proportion of the trade is with Japan, where distilling companies increasingly are using Scotch malt to improve the quality of their locally-produced blends.

The Scotch distillers were asked to consult their Boards—and report back to the working party. Another meeting is to be held in Edinburgh shortly.

The issue has split the industry. Some of the big Scottish-owned companies, such as Distillers, Teachers and Bells, are opposed to bulk exports, which they believe strengthen the competition in important growing markets, particularly the Far East. They have the support of the unions.

Others, however, including Seagrams and Glenlevit, argue that bulk malt exports are essential to maintain products and employment levels.

Lynch speech 'not policy change'

BY STEWART DALBY

THE CONDEMNATION of the violent tactics of the Provisional IRA by Mr. Jack Lynch, the Irish Prime Minister, should not be seen as a new departure in the Republic's policy towards Ulster, government officials said yesterday.

"It is essentially a reiteration of the moderate stream of thinking within the ruling Fianna Fail party which Mr. Lynch represetns, an official said.

Mr. Lynch had been consistent in his criticisms of IRA violence. This was not inconsistent with the fact that since returning to power in June last year Mr. Lynch had spoken publicly of the possibility of a British troop withdrawal from the province. Mr. Lynch was interested in examining ways of reconciliation.

Mr. Lynch said in his weekend speech:

"The violence of the IRA is committed without our consent, and in flagrant disregard of the democratically expressed will of the Irish people north and south."

The timing of his remarks caused more than a ruffle of interest because it coincided with the annual congress in Dublin of the Provisional Sinn Fein, the political arm of the Provisional IRA.

Easing of jet noise ban 'worth £2m a year'

BRITISH AIRWAYS could earn an extra £2m a year if it was allowed to fly its quieter jets, such as TriStars, for another hour at each end of the day at Heathrow, when the Government "noise curfew" is effective.

At present, at Heathrow, all jet flights between 11.30 pm and 6.30 am are severely restricted especially noisy jets such as Boeing 707s and VC10s.

British Airways agrees that this is reasonable so far as the noisy aircraft are concerned, but feels that quieter jets, such as TriStars, are unfairly penalised.

Mr. Gerry Draper, British Airways commercial operations director, told the Air Transport Research Forum in Washington that, in the face of today's intense consumer desire for cheap travel, "I believe we are entitled to ask the Government authorities who impose jet bans, to help us improve our productivity by increasing the operating day for those aircraft that conform with the tough new International Civil Aviation Organisation noise requirements.

"I am not talking about a 24-hours a day operation, but some extension, particularly at the end of the day. We estimate that an additional hour at the beginning and end of the day at Heathrow alone would produce up to £2m per annum."

Prosecutor sees Lonrho report

NANCIAL TIMES REPORTER

Director of Public Prosecu- is studying the results of investigations into alleged ions-breaking in Rhodesia Lonrho, the international and industrial con- erate.

police investigations. followed a Department of report on the group's s more than two years ago. completed during the ier.

results of the investiga- are also being studied by ury counsel, Mr. David Price, who would handle rosecution if the Director ublic Prosecutions decided charges would be justified. ver, no decision is likely at least next month.

"Tiny" Rowland, Lonrho's executive, has made no t of his intense anger at way the affair has been led. He wrote to Dr. David , Foreign Secretary, last h: "To my knowledge. is no basis to suspect that exists any evidence to suggest that Lonrho has committed any offence under sanctions legislation or any other law."

The group was particularly concerned that the issue should have been raised again this summer—particularly as it said that it had been given firm assurances by a senior Foreign Office official that no charges would be brought—at a time when it was pursuing a fiercely contested takeover bid for Scottish and Universal Investments.

Lonrho's bid for SUITS is being investigated by the Monopolies Commission.

£1m will

SIR HARALD PEAKE, aged 77, a former chairman of Lloyds Bank and of the Steel Company of Wales, left £1,178,598 gross (£1,170,798 net) in his will published yesterday. Sir Harald who had homes at Court Farm, Tackley, Oxon, and Shepherds Place, Mayfair, London, died in May.

9.5m platform orders

KEVIN DONE, ENERGY CORRESPONDENT

GAS TURBINES has re- d three orders for equip- for North Sea oil platforms more than £9.5m.

orders cover work for /Esso's Fulmar Field, o's Murchison Field and /Esso's Cormorant Field.

s building three gas turbine ators for the Fulmar plat- worth more than £4m, and gas turbine units for the Cormorant A platform valued at some £4.5m.

The single unit ordered by Conoco will be used to power gas compression equipment on the Murchison platform.

GEC has now taken orders for 28 gas turbine units for use on offshore platforms. The units together represent generating capacity of more than 375 megawatts.

ITUARY

Mr. Garfield Weston

GARFIELD WESTON, ler of Associated British and chairman of Fortnum Mason, the Piccadilly store, suddenly on Sunday, aged

Weston was born in da. He came to the UK in 930s with the intention of ing up a baking concern Canadian wheat supplies. ring the war years he was a nal Unionist MP.

ough a series of acquisi- including Twinings Tea he company which he was nsform into the Fine Fare market chain, he developed iated British Foods into of the largest food busi- s in the UK with a turn- last year of £1.7bn.

Canadian company, George on Limited, simultaneously aded. It no whas a turnover $4.5bn.

Mr. Weston retired from the chairmanship of both companies some years ago. His second son Garry took over the chair of AB Foods, and his youngest son, Galen, now controls the Canadian company.

In the last 10 years, Mr. Weston's main interest has been Fortnum and Mason, where he was active as chairman until his death. Turnover of the store last year was £8m. and pre-tax profits doubled to £1m.

He was a deeply religious man who lived very modestly, and was also a shrewd businessman. Yesterday. City analysts agreed that the credit for the development of AB Foods was largely his

Mr. Weston is survived by his second wife, and three sons and six daughters by his first wife who died in 1967.

12,000 auction record or Victorian bronze

SALEROOM

BY ANTONY THORNCROFT

ECORD auction price for a e by the Victorian artist Alfred Gilbert of £12,000 the 10 per cent buyer's ium) was paid at Christie's rday in its first sale devoted isively to 19th-century ish and Continental sculp-

was a bronze of Icarus ted in 1884 and it was ht anonymously.

e sale totalled £67,131. A ze group of a stag and deer- ds, in the manner of P. J. e, sold for £4,600, and a ze and ivory figure of La use by Carrier Belleuse ed £2,000.

e Marshall collection of ese armorial porcelain, ed in the early years of century and one of the st to come up for sale for time, sold for £112,710, at Christie's.

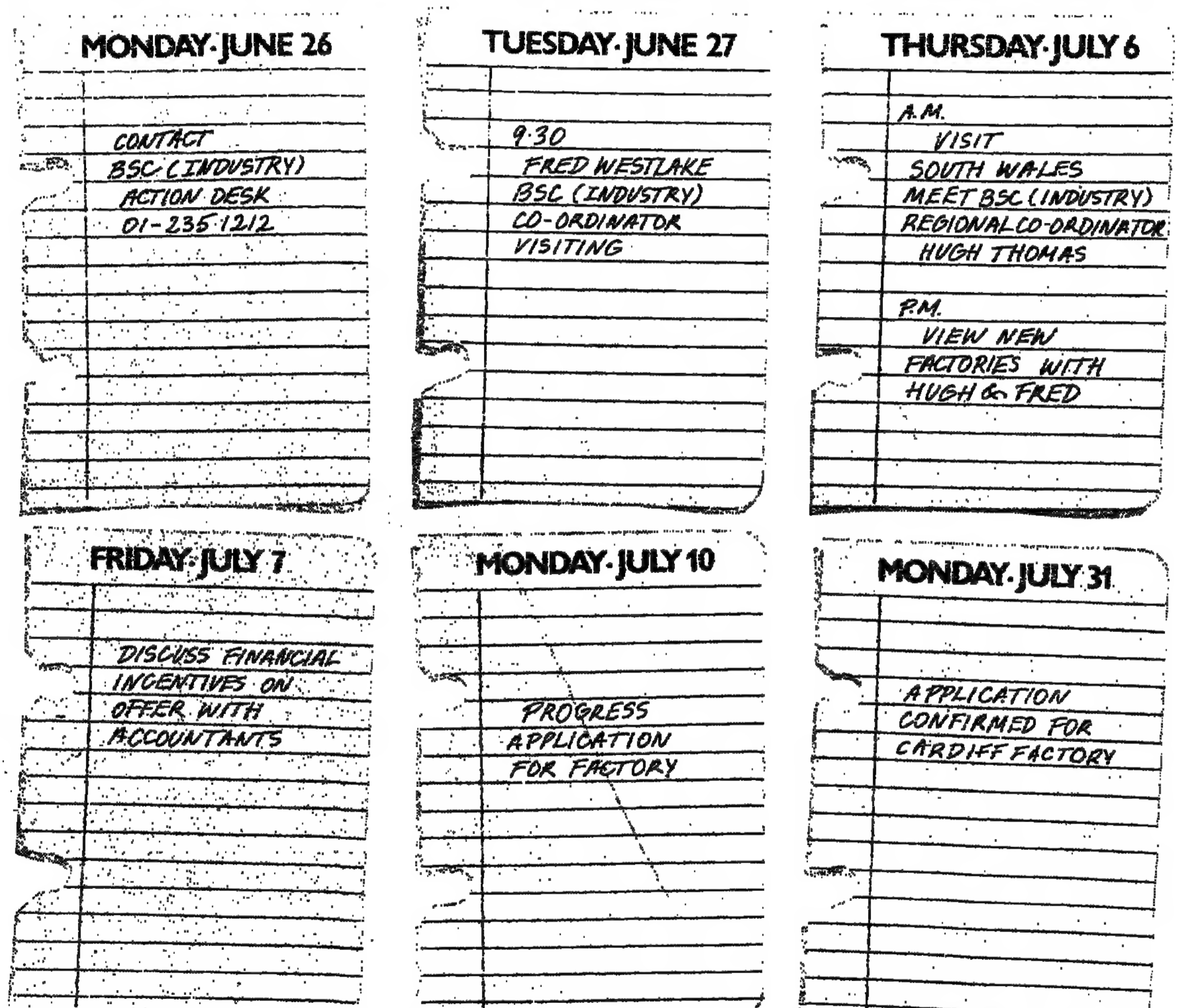
e top price was the £7,500 Teixeira for a pair of famille rose fish bowls. n Lung.

a Christie's sale of ricana in New York on Saturday Israel Sacks, the New York dealer, bought a pair of Queen Anne walnut balloon seat sidechairs, made in Philadelphia around 1750, for £88,000.

Some very high reserves demanded by vendors upset a Christie's South Kensington auction of collectors cars and motorcycles which was held at the Motor Show at the National Exhibition Centre near Birmingham.

Bidding for the two top lots—a 1913 Rolls-Royce Silver Ghost and a 1928 Bugatti—stopped at £38,000 and £32,000 respectively, just below the reserves.

A sale of Spanish books from the library of Dr. Gregorio Maranon sold for £55,203 at Sothebys yesterday. The top price was the £3,200 from the Piccadilly Gallery for a first edition of Laborde's "Voyage de l'Espagne."



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HOME NEWS

Steelworks' hopes fade in recession

NEWS ANALYSIS

HUNTERSTON

By RAY PERMAN

IT IS DIFFICULT for an outsider to understand the emotional importance that British Steel's Hunterston site has for organised labour in the West of Scotland.

Over the last few years no subject has generated more heat than the future of the 1,400 acres beside the deep water of the Clyde estuary. It is seen by the unions not only as holding the key to the survival of steel-making north of the border, but as the hope for the revival of everything Clydeside has stood for since the industrial revolution.

The dream of an integrated steelworks was first given a tangible expression by the former British Steel Corporation chairman, Sir Monty Finniston, when he bought the Hunterston site.

It promised not only a plant as modern and competitive as anything in Japan or Korea to put Scotland back into the top league of steel exporters, but a source of low-cost raw material to revitalise the shipbuilding and heavy engineering industries.

Recession

As the recession developed, that dream faded. The first stage of the project, the £100m ore terminal, capable of unloading ships of 350,000 tonnes, will be complete early next summer, and will replace the obsolete Glasgow terminal.

But far from being the beginning of developments, it is likely to be the only one which will be economically viable in the foreseeable future.

A third of the 190 jobs will be offered to redundant steelworkers from the nearby Glengarnock open hearth furnaces, which are to close in December. But with the probability that redundancy payments will be high, British Steel has little confidence there will be a rush to fill the vacancies.

The £60m direct reduction plants, only the second to be built in Europe, will be completed in March or April and then "cold commissioned"—they will be tested to make sure they are in working order, but the kilns will not be fired.

By producing 800,000 tonnes of concentrated iron pellets a year, the two units were intended to provide an alternative to high-grade scrap as a feedstock, principally for electric arc furnaces.

Their future has been shaken by the cancellation this March of plans for electric arc furnaces at Hunterston and Ravenscraig, and the dramatic fall in scrap prices, which has removed the option of transporting pellets by rail to Sheffield.

Senior Steel Corporation executives believe it will be six months at least before operation of the direct reduction plants can be justified, and even then only one of the units may be used.

The 150 jobs which they could provide will not begin to be filled until 1980 at the earliest.

The mothballing of the direct reduction units has implications beyond British Steel. In July last year the corporation signed a contract with British Gas to take 100m therms a year from the Frigg Field.

It was the first big contract for the field. Its importance can be judged by the fact that it would have increased the industrial consumption of gas in Scotland by 50 per cent. A 24-mile spur pipeline has had to be built to connect Hunterston with the regional gas grid.

Capacity

Developments beyond those now being built are unlikely before the end of the century, if at all. A £220m expansion at Ravenscraig—the main Scottish plant near Motherwell, Lanarkshire—will increase capacity there to 3.2m tonnes a year by 1981, giving the Scottish division 3.7m tonnes capacity.

Yet Scottish sales are now about 2m tonnes a year.

The Hunterston integrated works — producing finished steel products from ore on a single site — is now a non-starter. If even a third of the 10m tonnes it would have produced could be exported, there is no way in which Scottish or British industry could use the rest.

The established trend on the Clyde has been a contraction of steel-using industries, and even those firms still in business are turning to sophisticated new products using less metal.

But such is the commitment of the Scottish TUC and individual unions to the idea, that Ministers and the Corporation refuse to say publicly what they admit privately.

All that Sir Charles Villiers, the British Steel chairman, or Mr. Bruce Millan, Secretary of State for Scotland, will say is the plant will be built "when demand revives sufficiently to justify it."

The result is likely to be that the Hunterston site, one of the finest natural deepwater ports in Europe, will remain under-used.

Rather than risk a political storm, the Steel Corporation will not of its own initiative give up part of the area, even though there could be other uses for the land, such as a site for a third nuclear power station at Hunterston.

Canadian merchant bank for London

BY CHRISTINE MOIR

THE ROYAL BANK of Canada plans to become the first Canadian bank with a wholly-owned merchant bank subsidiary in London.

The bank, Canada's largest with assets of nearly C$ 40bn, announced yesterday that it intends to set up a full merchant banking operation, with a capital of £5m, in the City early in the New Year.

Mr. Geoffrey Styles, senior vice-president for Europe, the Middle East and Africa, said the group's business volume generated through London had doubled in the past five years.

The bank was particularly active locally in the Eurocurrency markets and felt it needed a focal point for its global Eurocurrency operations. It also plans to expand its role in the Eurobond markets, the centre for which "has to be London."

Mr. Styles said he was happy with the bank's 20 per cent holding in Orion, the London-based consortium bank, established in 1970, in which six international banking groups each have stakes.

The Royal Bank of Canada is the second Canadian bank to expand its merchant banking operations in London in recent months.

In June the Canadian Imperial Bank of Commerce and Hambros Bank set up a joint international investment bank in the City, called CIBC.

Prices chief adds voice to pay moderation call

BY DAVID CHURCHILL

MR. CHARLES WILLIAMS, the Price Commission chairman, repeated yesterday his call for "moderate and reasonable" pay settlements to keep the inflation rate within single figures in the coming year.

Mr. Williams' appeal in a speech in Birmingham was on the eve of crucial talks between the Government and the TUC today over application of the Government's 5 per cent pay guidelines.

It came amid increased speculation in Whitehall that some move might be made to toughen price controls, though such a move would be difficult to implement.

The Government could give the Price Commission more explicit guidance to scrutinise closely any price rises that attempt to pass on large pay settlements to the consumer, or weaken or remove the safeguard regulations which allow most price rises to go ahead as planned.

Mr. Williams has already made clear that the Commission will closely examine any price rise applications that seek to pass on pay deals outside the Government guidelines.

A weakening of the safeguard regulations, brought in after considerable pressure from the Opposition and industry when the new Price Commission was set up last year, would appear the most effective way of giving the Commission more teeth.

After last week's meeting with the TUC, Mr. Roy Hattersley, the Prices Secretary, agreed to examine a number of possible changes to the controls.

The first would mean tightening profit safeguards in such a way as to allow prices to be frozen for the duration of one of the Commission's three-month investigations, regardless of the effect on profit.

The other would increase the Commission's role in the pay arena by returning to a situation where price increases resulting from pay settlements thought excessive were disallowed.

Though Mr. Hattersley has personally been opposed to the whole concept of safeguards for some time, the Government has not yet decided whether such changes are desirable at present.

Any such alteration to the rules would require approval of Parliament, and it became clear yesterday that the Liberals, who have always opposed controls on profits without pay controls, would support such changes only in return for a categoric assurance from the unions that they would abide by the 5 per cent pay limit.

The Government might risk introducing it on the basis that the minority parties would not want to be seen to vote against tighter price controls.

Last night Sir John Methven, director-general of the CBI, came out firmly against any suggestion of a tighter price control system.

First-time home hunters advised 'Buy now'

By John Brennan, Property Correspondent

"BUY NOW, even if it is second best." That was the advice yesterday from the Institution of Chartered Surveyors.

This advice is reluctantly accepted by Mr. Norman Griggs, general secretary of the Building Societies Association, who expects a 25 per cent increase in house prices this year.

Mr. John Thomas, of the institution, the largest representative body of estate agents in the country, tells first time buyers that "the price of houses will continue to rise, so get a foot on the ladder now, even if it means accepting second best in view of the limited choice."

Commenting on an Institution national survey of house price movements, Mr. Thomas notes an average price increase of about 2 per cent in the last month, and as much as 5 per cent in certain areas of the South-East and London.

"If the overall rate of inflation continues to be lower than wage increases, the brake on building society lending may prove to have the opposite effect to that which the Government intended.

Curbs

"There may be little doubt that the curbs have resulted in fewer new and secondhand dwellings coming onto the market. As a consequence, the natural law of supply and demand pushes up prices."

Mr. Griggs, commenting on the Institutions findings, said the vicious circle of house buying was clearly negating the Government's efforts to slow house price rises.

"Everyone is crowding into the housing market because they feel that prices will be higher next year, and as they crowd in, prices are bound to rise."

After price rises of 7 to 8 per cent in 1976 and last year, prices would show an average increase of about 25 per cent this year "and a good deal higher increases in the South East."

We'll fight on pay code says Mrs. Williams

By Ivor Owen, Parliamentary Staff

THE GOVERNMENT'S determination to uphold its counter-inflation policy in the face of opposition from workers and unions was underlined last night by Mrs. Shirley Williams, the Education Secretary.

She told a by-election meeting in Berwick and East Lothian: "To win the battle against inflation means standing up both to some employers and to some trade unions. So be it."

Mrs. Williams insisted: "Governments must govern in the interests of the country and the people, not in the interests of any special group, however deserving.

On the other by-election front in Yorkshire, Mrs. Margaret Thatcher, the Conservative leader, urged voters in the Labour stronghold of Pontefract and Castleford to give the Government notice to quit.

In a message to Mr. Hugo Page, the Conservative candidate, she recalled that only last year a Labour majority of 23,000 was overturned in Ashfield, another mining constituency.

Polling in both by-elections takes place on Thursday.

New power board 'still needed'

BY ROY HODSON

A NEED for reorganisation of the management structure of the electricity supply industry remains as strong as ever in spite of recent setbacks to change, in the opinion of both the management and the unions.

The industry's joint co-ordinating committee representing management and unions at national level last night took the unusual step of issuing a statement pressing for early legislation to reform it.

"Times are changing fast, and frankly we need to change to keep up with them," said an official.

A draft Bill to reshape the industry and replace the two national bodies, the Electricity Council and the Central Electricity Generating Board, with a single central electricity authority was dropped earlier this year because the Parliamentary Liberal Party refused to promise support for its passage.

The Select Committee on Nationalised Industries reported on the industry in July.

It said the electricity supply industry would have further legitimate cause for complaint if the executive failed to bring forward legislation in the next session of Parliament to deal with the various issues raised in the report.

Mr. Anthony Wedgwood Benn, the Energy Secretary, is anxious to maintain the area electricity Boards as powerful semi-autonomous bodies with their chairmen appointed by him or his successor.

Management and unions are agreed that the side-issue of area chairmen should not be allowed to delay the fundamental reform of the industry at national level.

Increase in motor bikes registered

By Paul Taylor

MOTOR-CYCLE registrations last month rose by 21 per cent to 26,774 compared with September last year.

In the first nine months of the year registrations fell by 13.9 per cent to 185,956 because of a large drop in moped registrations (under 50 cc machines) after the introduction of the 30 m.p.h. maximum speed limit in August last year.

Moped registrations fell 42.3 per cent below last year's nine-month total of 77,081.

In the same period, registrations of machines over 50 cc rose marginally by 2 per cent to 141,510, according to figures published yesterday by the Department of Transport.

The trend, therefore, is clearly one of renewed growth in the moped market after the distortion caused by the introduction of the speed limit.

Last month moped registrations grew by 75.8 per cent to 7,858 against the figure in September last year.

Gatwick-Scotland flights for £21

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A CHEAP £21 single off-peak fare between Gatwick and Glasgow and Edinburgh is to be introduced by British Caledonian from November 1, for some mid-week and all weekend flights.

The new fare has been approved by the Civil Aviation Authority, at the same time as it approved rises in peak economy-class fares on the main British Airways and British Caledonian trunk routes between Gatwick and Heathrow and Glasgow, Edinburgh and Prestwick from £33 to £35. British Midland's Gatwick-Belfast single rate remains unchanged at £30.

The aim of British Caledonian is to stimulate off-peak traffic between Gatwick and Scotland, to help ease congestion at Heathrow, and to give the airline a competitive edge over British Airways' Shuttle service. The new rate compares with the London-Scotland second-class single rail fare of £18.60.

These changes are part of a complex pattern of adjustments to UK internal air fares that includes the introduction of senior citizens' fares. This means people over 65 can get a 40 per cent discount on economy return fares on many UK domestic flights provided they stay away for a minimum of six nights.

Members of the Armed Forces and their families will also receive 40 per cent discounts on economy class fares to and from Belfast.

The cheap senior citizens' fares are being introduced on a trial basis, until the end of next March. If they are successful they may be continued during next summer.

The new cheap British Caledonian off-peak adult single rate of £21 to Glasgow and Edinburgh will only be available on two flights to Glasgow and one flight to Edinburgh on Tuesdays Wednesdays and Thursdays, and on all weekend flights.

It is coupled for the Christmas period only with a cheap child fare of £1 single until January 14 on the British Caledonian routes between Gatwick and Glasgow / Edinburgh, provided that the child is aged 12 or under and is accompanied by at least one adult.

Minister's warning

MR. REG FREESON, Housing Minister, has again warned local housing authorities that unless they spend more on housing there could be a serious shortfall on house starts this year, and less money might be available in the future.

Mr. Freeson, who was chairing a meeting of the Housing Consultative Council yesterday, told the three local authority associations that councils were not at present spending their full housing allocation.

Department of Environment figures showed that in the first three months of the financial year, local authorities used only 18 per cent of their capital budgets. If this continued, the shortfall by next April could be almost £90m.

With the annual housing investment programme due to be announced at the end of November, Mr. Freeson was clearly indicating to the local authorities that the present situation weakened the case for a further expansion of the capital programme.

Mr. Freeson also told the local authorities that the Government intended introducing a new housing subsidy system from April, 1980, and provision for this would be included in a new Housing Bill which is likely to be introduced in the Commons late this year or early next year.

Chemicals demand may fall

BY SUE CAMERON

DEMAND FOR UK chemicals is likely to start dropping in 1980 because of increased foreign competition, a rise in feedstock prices and the use of traditional materials in preference to plastics, says Economic Models, a forecasting consultancy.

Economic Models says that the short-term outlook for UK chemical industries is bright. The present upsurge of domestic demand for paints, detergents and toilet preparation would soon start filtering down to basic chemicals.

The oil and feedstocks surplus would reduce the relative price of chemical products during the next two years and so further stimulate demand—particularly for fertilisers.

The continued decline of the U.S. dollar would lead the Organisation of Petroleum Exporting Countries to base oil prices on a basket of currencies. This would put up the price of oil which would, in turn, increase chemical feedstock costs.

The price of chemical products would go up and, as a result, demand would begin to fall away.

Growth in demand for synthetic resins and plastics would be hit by sustained use of traditional materials like steel and paper.

There was overcapacity in many traditional material sectors and this would keep prices down and stiffen competition with plastics producers.

Output of plastics and synthetic resins would grow by an average of 5.34 per cent a year between 1978 and 1983. But this was still expected to be 1.6 times the average annual increase in real GDP in the UK during the same period.

Immediate trade prospects for the UK chemicals industry were "encouraging," but the medium term outlook was "less promising." Exports of organic chemicals were expected to grow by 4.2 per cent more during the next two years than during the 1980-83 period.

"Rising exports and increased import substitution by Middle East, Far East and Eastern European countries are expected to bite into the trade balance after 1980." Economic Models says.

"The decline of the U.S. dollar and the acquisition of U.S. chemical companies by more internationally oriented European companies may also harm UK trade in third markets."

Dock jobs cut plan approved

By Ian Hargreaves, Shipping Correspondent

A PLAN to cut 1,400 jobs in the next year at the Port of London's upper docks was approved yesterday by the port's board.

The plan will now go back before the joint union-management committee which drew it up before being presented in the next few days to Mr. William Rodgers, the Transport Secretary.

Mr. Rodgers will have to decide whether the undertakings about restructuring the labour force and the monitoring system for pushing it through justify releasing the first tranche of the £35m he promised in July to meet redundancy costs.

There is little doubt that he will agree to allow the plan to proceed on the basis of a level of agreement between the PLA and its unions which many regard as unique in the port's history.

Under the plan, unions have agreed to remove over one quarter of the workforce at the upper docks during the next year in return for a renewed effort to make the upper port viable

Exploration Company

THE EXPLORATION Company is not holding a board meeting on Thursday as inadvertently listed yesterday in the Week's Financial Diary.

London site go-ahead

MR. PETER SHORE, Secretary of State for the Environment, has granted outline planning permission for development on the 10-acre Morgan Crucible site at Battersea Bridge Road, Wandsworth, south-west London.

The development by Wates, Ltd., includes offices, housing, and public gardens and riverside walk.

BMA warns Government

FINANCIAL TIMES REPORTER

THE British Medical Association has again warned the Government that a continuing erosion of standards could force it to flex its new-found industrial muscles.

A strongly worded leader in BMA News, the association's monthly magazine, says that if the professions continued to be "pushed aside" by Government, its industrial muscle "could be brought into play."

The association's members could not take industrial action that risked harming patients. However, the newly formed Managerial, Professional and Staff Liaison Group—professional unions representing 500,000 managerial and professional staff—had the industrial muscle to win changes through discussion and argument.

Quality key to British exports, says Japan

BY JAMES McDONALD

BRITISH manufacturers could be failing to obtain a larger share of the Japanese market because of their trading strategy, says Mr. Tadao Kato, Japanese Ambassador to Britain.

"Now is the time for your trading companies there to change over to high volume and low margins," Mr. Kato said in a discussion with several UK businessmen, reported in the latest issue of the Director, the journal of the Institute of Directors.

While Mr. Kato believes there is scope for British companies to do better in Japan, he suggests that it will be an uphill battle, for reasons other than tariff barriers.

"Japanese quality is very good. You are trying to break into a market where consumer satisfaction is very high, so you are fighting with one arm behind your back.

"Furthermore, the old boy network works better in Japan than in the UK."

Mr. Kato had a consoling message, however. The 120m consumers of Japan would buy everything imported if it proved to be better than a "made in Japan" product.

Japanese figures showed that British exports to Japan in the first five months of this year were 39 per cent higher than in the same period of last year, while Japanese exports to Britain rose by only 17 per cent.

Radiation survey shows high health risk

BY PAUL TAYLOR

A SURVEY of ultra-violet radiation hazards in three British universities has shown that almost half the laboratory ultra-violet sources present a "high risk" to health.

The study, undertaken by the National Radiological Protection Board, discloses a general lack of awareness of the hazards of ultra-violet radiation and health protection measures among university staff.

The Board began the survey at the request of the Radiation Protection Officers at the three (un-named) universities. The findings were published yesterday by the Board "in the belief that they may have implications for laboratories generally."

Equipment which emits ultra-violet radiation is used in laboratories for a number of processes and experiments, including photopolymerising, sterilising, fluorescence and photoactivation.

The departments studied included chemistry, textile science, geology, biochemistry, biology, medicine, printing, forensic science and mechanical engineering.

Exposure to ultra-violet radiation can cause either short-lasting or occasionally permanent damage to the eyes and skin. Prolonged and repeated exposure is thought to cause a gradual yellowing of the eye and the formation of senile cataracts.

Injury

However, the study says that reported cases of genuine injury are very rare and no link between exposure and cancer has been established.

Fifty-five sources of ultra-violet radiation were studied. Of these 24 were said to present a high risk, 15 a moderate risk and 16 no risk at all.

Of the moderate and high risk sources, none were fitted with interlocks to prevent radiation leakage, only two had adequate hazard warning signs and in only three cases was adequate personal protective clothing such as goggles and gloves worn.

The report concludes that the general standard of engineering controls was inadequate, administrative controls were poor and although protective clothing was sometimes available there were no signs warning staff to wear it.

A Limited Survey and Evaluation of Ultraviolet Radiation Hazards in University Laboratories. HMSO. £1.

Change sought in law on deer

A CHANGE in the law may be needed to protect red deer on Exmoor from wholesale slaughter, says a conservationist.

Mrs. Heather Machin, North Devon Secretary of the Devon Trust for Nature Conservation fears that gangs of poachers, who have plundered huge numbers of roe deer in Wiltshire and Dorset may move to Exmoor.

She said that the legalised shooting of the animals had risen alarmingly — carcases fetched more than £200 each.

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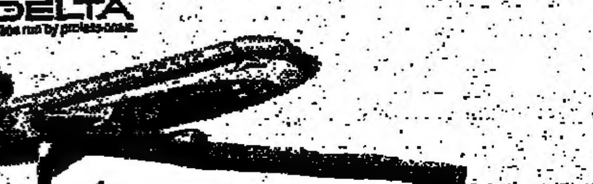

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How NCR stops banks losing face when they lose faces.

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Perhaps more importantly, self-service terminals can actually give bank staff more time to deal with customer queries and with the wide variety of other services that banks offer.

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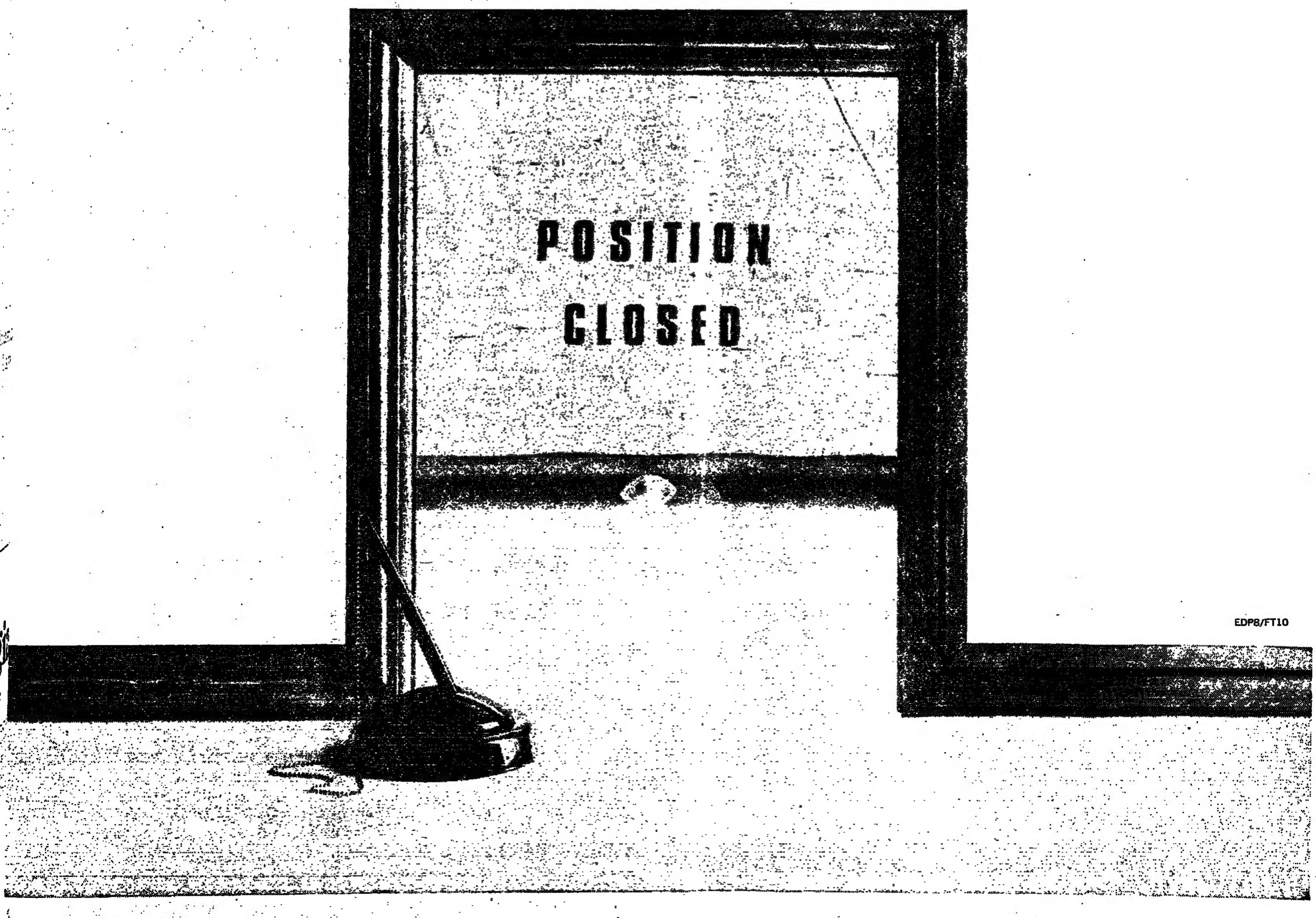


EDP8/FT10

Scots drivers reject Phase Four offer

UNION NEGOTIATORS totally rejected a Phase Four 5 per cent pay offer made yesterday by the Scottish region of the Road Haulage Association to its drivers.

Officials of the Transport and General Workers' Union said after the talks that the employers must improve the offer substantially above the guidelines or they would face certain industrial action.

Scotland is the first area within the association to begin negotiations with the Transport Workers over a drivers' claim of between 20 and 30 per cent, fixed nationally.

The union has taken the lead in attempting to secure a settlement above the guidelines.

Four years ago, a long drivers strike in Scotland, which crippled road transport throughout the area, led to a large pay deal which became a pacesetter for drivers' settlements in England and Wales.

Mr. Peter Talbot, the union's area secretary for commercial transport, said the offer was not only unacceptable but the employers had made no attempt to negotiate seriously on the claim, which also includes a shorter working week.

There would be no alternative but industrial action if the association maintained its position, said Mr. Talbot, "and the employers are well aware of that."

The association's Scottish region, which represents about 5,000 drivers, is due to reconvene negotiations with the union later this week. Mr. Talbot said he was optimistic that the employers would come forward with a much improved offer.

Road hauliers nationally doubt whether there is any chance they can settle within the guideline.

Last year, the West Midlands, which settled at 15 per cent following selective industrial action against individual companies, set the average rate for other regions in the association.

Those settlements, which followed industrial action elsewhere, including a drivers' strike in Wales, formed one of the most major breaches of the 10 per cent Phase Three guideline.

Road hauliers last year were upset at the way the Government imposed sanctions on individual companies for breaking the 10 per cent, which the association believed the hauliers had no option but to do.

Farmers outline priorities

FARMERS SAID yesterday that the agricultural workers' claim for a minimum £80 weekly wage and other benefits would cost the industry £800m a year.

Mr. Alex Lewis, chairman of the National Farmers' Union labour committee, said that the total claim amounted to an increase of 125 per cent on the current £625m a year labour bill.

The employers made no offer but said they would prefer to give priority to higher differentials for responsibility and skill, to restoring the overtime rate to time and a half and raising the basic rate, all within the Government's 5 per cent guideline.

Textile union shortlist

EIGHT union officials have been shortlisted for the post of general secretary of one of the leading textile unions. Mr. Fred Dyson, general secretary of the Bradford-based National Union of Dyers, Bleachers and Textile Workers, is to retire in September next year.

Voting by secret ballot has to be completed by November 15, but unless there is an absolute majority for one candidate, other ballots will take place.

Services grouping plans advance

BY CHRISTIAN TYLER, LABOUR EDITOR

PLANS FOR a new grouping of public service unions to tackle the Government's pay and monetary policies were approved yesterday by the TUC's "inner Cabinet," the finance and general purposes committee.

But it is not certain that the TUC General Council will approve the idea of a new public services committee when it meets tomorrow.

Although Mr. Moss Evans, of the Transport Workers, assented to the plan yesterday, provided it was restricted to "non-trading" sectors, his union and the engineers have been wary of it as implying some limitation of unions' bargaining freedom.

The plan was conceived by Mr. David Basnett, of the General and Municipal Workers Union. He sees it as a necessary forum for lobbying Ministers about public expenditure and cash limits, and for ensuring that some 3m workers in central and local government, the health service, education and elsewhere, are not "discriminated against" in pay bargaining.

Mr. Basnett said that the new committee would not supersede existing collective bargaining machinery nor the work of other TUC industry committees. It would be left to devise its own system of dealing with government.

But the GMWU itself is anxious to bolster collective bargaining in these sectors with machinery for comparing wages with outside industry—perhaps a modified form of the pay research conducted on behalf of white-collar civil servants.

Yesterday, Mr. Tom Jackson, of the Post Office Workers, said postmen should be included in a public service committee. But it was apparently decided that nationalised industries were not eligible, having, in theory at least, the muscle power to fight their own battles with Government or Treasury.

Discrepancy of treatment for public and private sectors if the rigid Phase Four pay controls are lifted is one of the problems facing Ministers and TUC leaders.

They meet again tonight for what could be a watershed in their search for a new concordat on incomes policy. The TUC is pressing the Government to fight its battle against inflation through price controls, and for the 5 per cent ceiling on pay settlements to be lifted.

Although Ministers are discussing the possibilities of further price measures, they still have to satisfy themselves that the TUC can deliver a promise of self-restraint by the shopfloor, sufficient to keep inflation in single figures.

Ink ban may hit Fleet Street

BY OUR LABOUR STAFF

EMPLOYEES of one of Fleet Street's leading ink supply companies started picket action on national newspapers yesterday and claimed to have prevented some 19 tonnes of ink being delivered to the Sun.

Mr. Bert Hardy, the newspaper's chief executive and general manager, said last night that the Sun was supplied by three ink companies, but if the picketing continued "problems could arise." The time is clearly coming when we will be short of ink," he said.

About 100 members of the National Society of Operative Printers, Graphical and Media Personnel at the Usher Walker factory in the East End are defying their union leaders in a strike which could affect ink supplies to all national newspapers.

Mr. Jim Burton, father of the NATSOPA chapel at the company, said that the strikers would regard any driver bringing ink to Fleet Street from other parts of the country as "scabs" as long as the dispute lasted.

"We intend to picket Fleet Street all week," he said.

Mr. Burton said the strike was over management suspension of pay in full for workers at a period early in the dispute, which has lasted nearly two weeks, and over redundancy proposals.

Leaders of the union have refused to support the strikers, and have denied that management of the company has been in breach of procedure in initiating talks on 15 to 20 possible redundancies in the company.

● There was little hope yesterday of a quick end to the dispute that has halted publication of Scotland's Daily Record and Sunday Mail.

The TUC's Printing Industries Committee, which has been asked to intervene in the 10-day old dispute, is not expected to meet until Friday.

A committee member said it was doubtful if any positive decision would be taken then.

● The Evening Standard failed to appear last night. It is believed there was a dispute involving machine-room workers, members of the National Graphical Association.

High stakes in hospital dispute

BY PAULINE CLARK, LABOUR STAFF

MR. DAVID ENNALS, the Social Services Secretary, had a difficult weekend, with union uproar over his controversial reference to patients' dying as a result of the hospital supervisors' dispute and calls for his dismissal from a leading Conservative health spokesman. Monday morning, however, could hardly have been less distasteful.

A scheduled Press conference on proposals for an up-to-date industrial disputes procedure in the National Health Service had to be taken side by side with a further briefing on one of the worst and most disruptive disputes ever to hit Britain's NHS hospitals.

It is clear that even the most perfectly constructed disputes procedure could not have prevented the industrial action which has been taken over the past month by 3,500 hospital works supervisors—middle management group not noted for its militancy.

Mr. Ennals made it clear yesterday that the argument over the supervisors' wage differentials was essentially a Government pay policy dispute.

Yet the numerous attempts to find a solution since the industrial action began to indicate that the dispute is not just the result of a straightforward demand in breach of last year's ten per cent or the present five per cent policy.

The four meetings held so far between management and the five unions involved since the industrial action started, the several direct and indirect interventions by Mr. Ennals himself, and now efforts by the Advisory, Conciliation and Arbitration Service to find a solution, have all been about two sides protecting questions of principle.

Largely as a matter of principle, the unions feel they cannot accept a new pay grading structure which on paper offers some of their members less money than that being earned by the craftsmen they supervise.

Very different

The problem is not uncommon in industry, where overtime payments and productivity deals can lead to manual workers earning more than their supervisors, but acceptance of a totally new pay structure where this problem exists right from the start is seen as a very different matter.

To correct the anomaly the unions have asked for a 15 per cent bonus guarantee, which is the same as the craftsmen receive. But this has clashed with one of the principles which the Government has shown itself prepared to fight hard to defend under its post-Phase Two pay policies.

This is that no bonus scheme is acceptable under the pay guidelines unless it is genuinely self-financing and not applied automatically across the board.

Mr. Ennals clearly fears thta the scheme, if applied to the supervisors, would affect differentials between them and their seniors, so leading to further pay claims and further phoney productivity payments among one of the largest groups of public sector employees.

This would be a daunting prospect for the Government, with local authority manual workers preparing for a fight over pay policy. As Mr. Ennals put it: "There would be no incomes policy if we were to give way on the self-financing principle. Pay policy would be out of the window."

The Government and its paw policy, though, has been open to easy criticism in this case. Mrs. Rachel Kelly, chairman of tteh management side, said yesterday that there was considerable sympathy for the supervisors who had had to wait four years after the 1974 reorganisation of the health service before being offered an appropriate new pay structure.

The supervisors, meanwhile, have asked the Government for a chance to prove that an interim deal could be genuinely self-financing. They have made proposals to this affect because they are confident that efforts, for instance in the field of energy saving in the health service, could provide genuine productivity savings.

The whole problem might have been foreseen a year ago, when the private electrical contracting industry agreed to a bonus deal for all its employees, whether they were able to be part of a genuinely self-financing productivity scheme or not. The Government at first opposed the deal, but finally allowed it through after the Holliday Hall company based in Croydon persuaded the High Court that it was obliged to follow the agreement for the industry.

The Government, however, insisted that the deal was being allowed though only because the industry had given an assurance that it would be self-financing once the industrial climate.

Then, in July, the hospital electricians won their battle for the bonus through a claim of traditional parity with the private contracting industry, and this deal—which, ironically, only went through after the personal intervention of Mr. Ennals—is what has since upset differentials between themselves and their supervisors.

schemes delayed

The hospital electricians, like their industrial counterparts, also received their £8.80 a week bonus from last September only because 95 per cent of them agreed to take part in genuine health service productivity schemes.

The fact that many of the hospital electricians—again like their industrial counterparts—are receiving their bonuses ahead of joining actual self-financing schemes because of health authorities' delays in introducing them, has undoubtedly, in the supervisors' view, weakened the Government's case that a matter of principle must be protected at all costs.

The cost, on the latest reckoning has been 9,000 hospital beds closed, 30,000 more patients on hospital waiting lists and a bitter public slanging match between Mr. Ennals and the unions over who is responsible for industrial action which both sides have finally admitted is endangering sick people's lives.

Banks and unions study report on recruitment

BY NICK GARNETT, LABOUR STAFF

THE TUC, along with the clearing banks and their employee organisations, will want to study very carefully the implications of the report by Dr. Tom Johnston on staff representation in the banks.

Trade union leaders, including Mr. Len Murray, the TUC general secretary, have been deeply concerned that union recruiting disputes which have bedevilled blue collar sectors, are being repeated among white collar workers, who provide the unions' biggest new recruiting field.

One question the TUC will want to answer is whether the report, which proposes a new federated and TUC-affiliated banking union made up of the existing National Union of Bank Employees and the clearing bank staff associations, could lay the basis for a more rationally organised union recruitment structure in the finance industry.

It is not a simple question. Already, Mr. Clive Jenkins' Association of Scientific, Technical and Managerial Staffs has given notice that it will fight the proposals with the TUC.

Umbrella

Under the proposals, the overall umbrella body to be affiliated to the TUC would include NUBE and the staff associations within the clearing banks, together with NUBE's membership outside the clearing banks, including those in insurance, a traditionally ASTMS area.

The overall body would include a special newly formed and semi-autonomous section representing staff solely in the clearing banks.

"We are extremely hostile to the setting up of a new TUC-affiliated umbrella organisation which will cater for people in jobs we already look after," Mrs. Muriel Turner, ASTMS assistant general secretary, said yesterday.

At least one of the staff associations—at Barclays—which has been in tentative discussions with ASTMS has extremely poor relations with NUBE.

If the report ends up by pushing that association into the arms of Mr. Jenkins, the labour relations structure within the banks is likely to become more chaotic than it already is.

The existing problem is a serious one—for the TUC, for the banks whose national negotiating machinery has disintegrated and for the staff bodies which absorb too much of their energy and time feuding with each other.

Mr. Murray has already had more than one attempt at sorting out the difficulties between those organisations affiliated to the TUC—but to little avail.

Earlier this year, he gave a thinly veiled warning that ASTMS, which has about 5,000 members in Midland Bank, should keep its nose out of banking.

At the same time, he told NUBE that it would not be in the interests of the trade union movement if it continued recruiting in insurance.

Since then, however, NUBE has merged with the Guardian Royal Exchange Staff Union and is pursuing staff in other insurance companies, including the Phoenix.

Insurance

At the same time, ASTMS, whose membership at Midlands is thought to be slipping, has announced that it has no intention of giving up its members in the Midland and instead will continue its recruitment drive in the banks.

That drive has so far proved rather feeble although Mr. Jenkins is determined to fight out with NUBE, within the TUC's disputes procedure, the issue of staff representation at the Bank of England.

The staff association there has been discussing a possible merger with NUBE.

Before the TUC becomes directly involved in the wake of the report—if in fact it does—the main participants in the inquiry—NUBE, the staff associations in three clearing banks and the banks themselves—will have to decide on their formal stand.

It would appear that NUBE would go along with the proposals, providing the structure of the umbrella body can be worked out satisfactorily.

The new union would be TUC-affiliated and, assuming that some of the leading figures within NUBE took prominent posts within the new body, it would provide them with what they believe would be a firm platform for recruitment outside the clearing banks.

Dislike

Lloyds staff association has been in long merger talks with NUBE and the Johnston proposals follow closely their own submissions to the inquiry.

The position of the staff associations at Barclays and National Westminster is more difficult to assess.

The Barclays staff association has an intense dislike of NUBE.

While describing the Johnston report as hopeful and imaginative, the association made it clear that it would still be considering the option of joining ASTMS.

That unions believes that the staff association at National Westminster will also continue to consider joining ASTMS although the National Westminster association has stronger ties than Barclays with NUBE.

The banks as a whole might be concerned at the formation of a trade union which might be expected to be a stronger and more determined negotiator, partly because of its increased size and partly through its full TUC affiliation.

This is likely to be outweighed, however, by the benefits of a single trade union for the clearing banks, a principle generally supported by the banks.

The clearers are also conscious that negotiations over pay and other issues are made more difficult for them by unions competing against each other.

Whatever the outcome of the report, a total reshuffle of the negotiating structure within the banks is almost certain.

In general terms, the Johnston report says, that industrial relations in the banks are peaceful, with strong pressure towards arbitration and in that sense the banks are probably ahead of their time in their attitudes to collective bargaining.

It was also important not to exaggerate the strains between the staff bodies, although national and domestic machinery has broken down.

Harmony

The report says the joint national council set up in 1968 should be revived, with the same balance between national and domestic matters. The way forward is to be found in the harmonisation of staff representation which fits in with such a two-tier structure.

There is no evidence that the staff associations want to join NUBE as presently constituted and the report asks why they should. They are larger than NUBE in the clearing banks and can protect their autonomy.

The employers have a part to play by working for the restoration of local and national arrangements, making it clear that they welcome unification.

Unification of the staff side would also offer great opportunities for staff participation through "single channel" representation, and the banks should accept that challenge.

The parties should reinforce their domestic negotiating structures and develop in-depth participation arrangements.

The banks should also welcome voluntary trade unionism among their staff, says Dr. Johnston, including affiliation to the TUC, but not agree closed shop arrangements.

BL faces parity threat

By Our Midlands Correspondent

BL COULD still face a toolmakers' strike unless management promises to bring forward pay parity arrangements not due to be fully implemented until next November.

The committee of the unofficial body of 3,000 toolmakers led by Mr. Roy Fraser meets in Birmingham today to decide whether to strike in a week's time in support of 32 rebel toolmakers at SU Fuel Systems if the management has not by then agreed to meet its representatives.

The 12-week old strike by the 32 seemed about to collapse when support from Mr. Fraser's organisation was postponed after reports that parity was to be accelerated.

This was assumed to give the men £84.76, "and we could not count on men coming out in sympathy with us when they seemed about to get £11 for doing nothing," Mr. George Regan, the SU strike leader, said last night.

But the company has denied new arrangements on parity, and the strike threat is again on.

Tuesday's meeting still has to gauge whether Mr. Fraser would be able to count on enough support to make a strike effective. The present mood within BL has been moving, like that of Vauxhall, against militant industrial action.

OBITUARY

Mr. Bill John

By Our Labour Editor

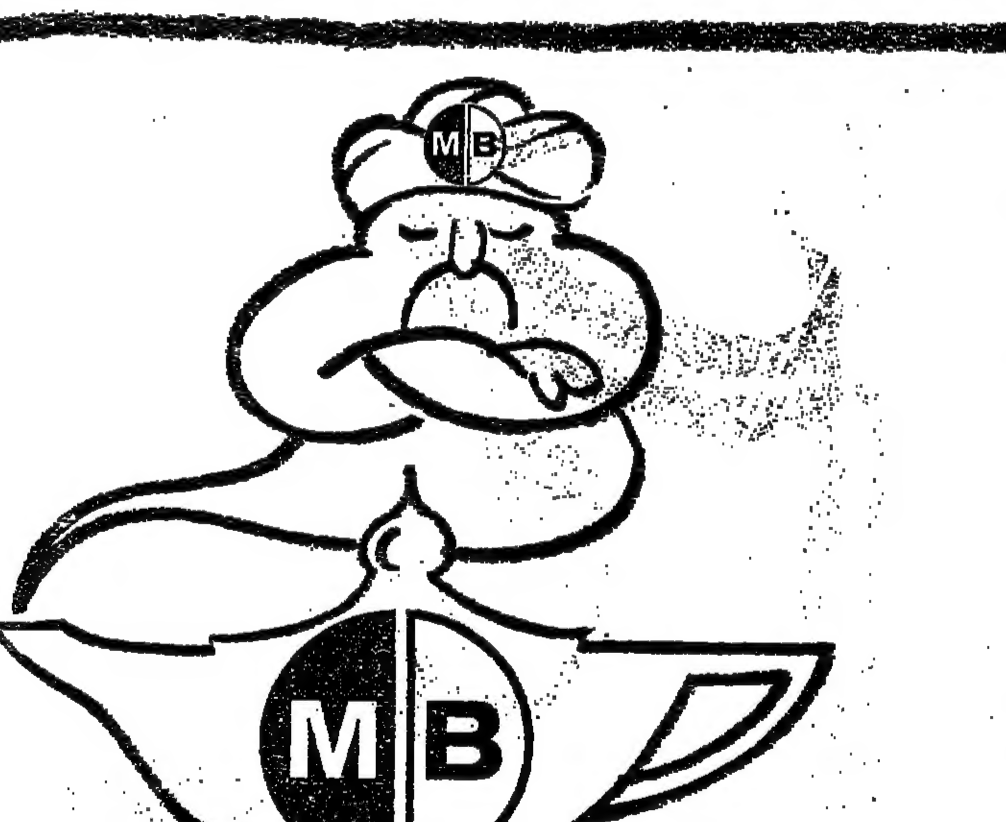
MR. BILL JOHN, a senior executive councillor of the Amalgamated Union of Engineering Workers, has died in hospital, aged 58. His career had been increasingly dogged by ill-health.

He was a leader of the moderate wing of the AUEW. The union's engineering section will now have to call an election for the South Wales and South-West England division that Mr. John represented for 11 years.

A toolmaker by trade, Mr. John started his union career as a shop steward in a Cardiff zip-fastener factory. He became branch secretary then a regional officer in Bristol. He was a member of the Labour Party national executive commitee for three years.

Only last month, the union lost Mr. John Forrester, a deputy general secretary of its white-collar section, TASS, who was also a member of the Labour Party national executive.

Mr. John leaves a widow, Phyllis, and a daughter, Pamela.



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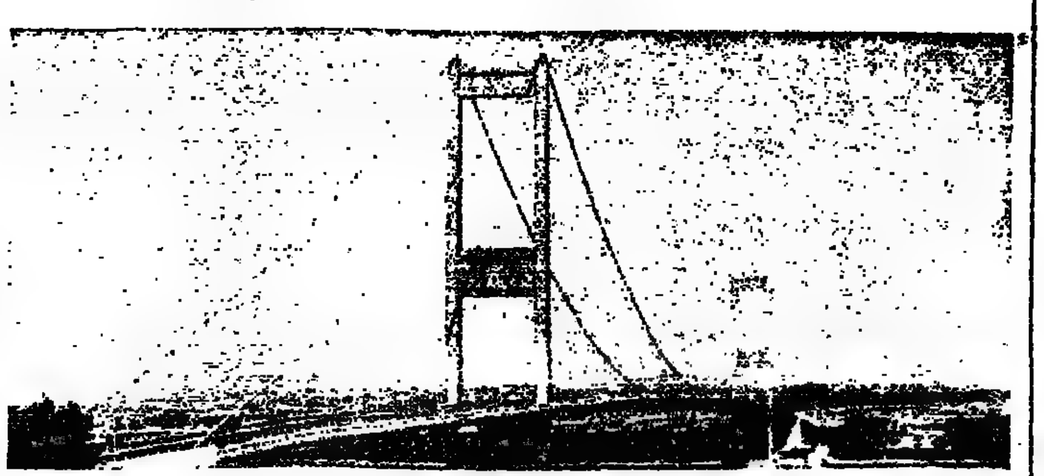
The Severn Bridge is undergoing major repairs again. But in common with other estuary crossings, its problems are more than structural



The costs gap which tolls cannot bridge

BY ANTHONY MORETON

Regional Affairs Editor

JUST FIVE months after it was re-opened to four-lane traffic the Severn Bridge, which carries the M4 motorway across the Bristol Channel, is in trouble again.

Problems in the expansion joints have led the Ministry of Transport to close one lane in each direction until the new year at the earliest. Last time, the bridge had traffic restrictions for 13 months, leading to enormous delays at peak periods. As if this were not enough, corrosion appears to have attacked some of the hawser cables.

Meanwhile, a public inquiry will open today to consider an increase in the toll from 12p to 20p—predictably one which has caused an outcry. Some 40 organisations have lodged objections.

The bridge was opened in 1966 and the 11m vehicles which cross it each year provide an income of £1.3m. The Act which gave the Government the go-ahead for the bridge stated that the £12.5m capital cost should be paid off within 40 years and then the tolls abolished.

The Government is in a quandary about tolls, because while it has told authorities responsible for other crossings that they should raise their charges to take account of inflation, it has done nothing about those over which it has control —a policy for which it has been severely criticised by the public accounts committee of the House of Commons.

In 1972-73 the Government told the PAC that the 15p toll for the Erskine Bridge across the Clyde, opened in 1971, would be reviewed regularly in order to maximise revenue. Yet the rate has been unchanged since it was opened. And the only change on the Severn Bridge was a small cut following decimalisation. What exactly is the Government's policy? the committee asked in August.

This question interests the operators of other estuary crossings very much. The Government's general view is that large and expensive estuarial crossings which produce considerable savings in time and cost to users should be subject to tolls." But it qualifies this by adding that tolls should not be imposed "where construction costs and likely traffic flows are too small to justify the costs of collection," or where charging would cause "excessive diversions of traffic to other routes.' This principle is shot through with holes.

There are 10 estuarial crossings in Britain, eight of them operated by authorities other than the Government, and one—the Humber bridge—in the course of construction. The most heavily used are the Mersey tunnels: the Liverpool to Birkenhead link opened in 1934 and the twin tubes to Wallasey in 1971 and 1974. Some 20m vehicles a year use it. The Severn Bridge is the next most heavily used and then the Dartford tunnel, opened in 1963 and used by 10m cars and lorries. (A second tube should be opened next year.)

But there are also 15 major crossings which are free, and it is proposed that the Britannia bridge linking Anglesey with the rest of north Wales should be free when it is completed. These existing toll-free crossings vary from the Avonmouth bridge, which carries the M5 across the river at Bristol, to the Moray Firth crossing of the A9 outside Inverness. It is difficult to see how some, if not all, of these crossings fail to meet the Government's main criteria of "producing savings in time and cost."

The list of illogicalities is extensive. The Runcorn bridge across the Mersey to Widnes is both free and has diverted traffic away from the Mersey tunnels. To get to the tolled Humber bridge, when it is opened, many drivers will pass over the untolled crossing of the Ouse at Goole on the M62. The Cleddau bridge in Dyfed, which generates a minute amount of traffic—just 1m vehicles a year—levies a toll of 30p.

Against this background, and faced with rapidly rising interest charges, the operators of four of the most important crossings, the Mersey tunnels (operated by Merseyside County Council), Dartford Tunnel (Dartford Tunnel Joint Committee), Tyne Tunnel (Tyne and Wear County Council) and the Humber Bridge (Humber Bridge Board) got together to discuss how they might break out of the vicious circle of forever raising tolls merely in order to pay off interest charges on the original capital.

Each built its crossing with the aid of a government grant and/or loan. But in every case the grant was insufficient. The government made a grant of £2.5m towards the first tube of the Dartford tunnel when the project was first mooted in 1930, and had to put up another £8.5m in loans before it was opened in 1963. But the £31m for the second tube has had to be raised in loan form on the commercial market.

Toll income in the year ended last April was £2.8m, which amply covered the operating cost of £1.1m. But there was also a debt charge of £3.9m so that Dartford incurred a loss during the year of £2.2m which added to previous losses, means it now has accumulated a deficit of £5.4m.

The position is worse on the Mersey. Its toll income of £5.3m was double its operating cost. But when £6.1m of debt charges were taken into account it had a loss on the year of £3.4m which meant a total deficit of £22.9m. To eliminate this, the toll for a car would have to be raised from 25p to £1.35.

The other members of the consortium face the same sort of problems.

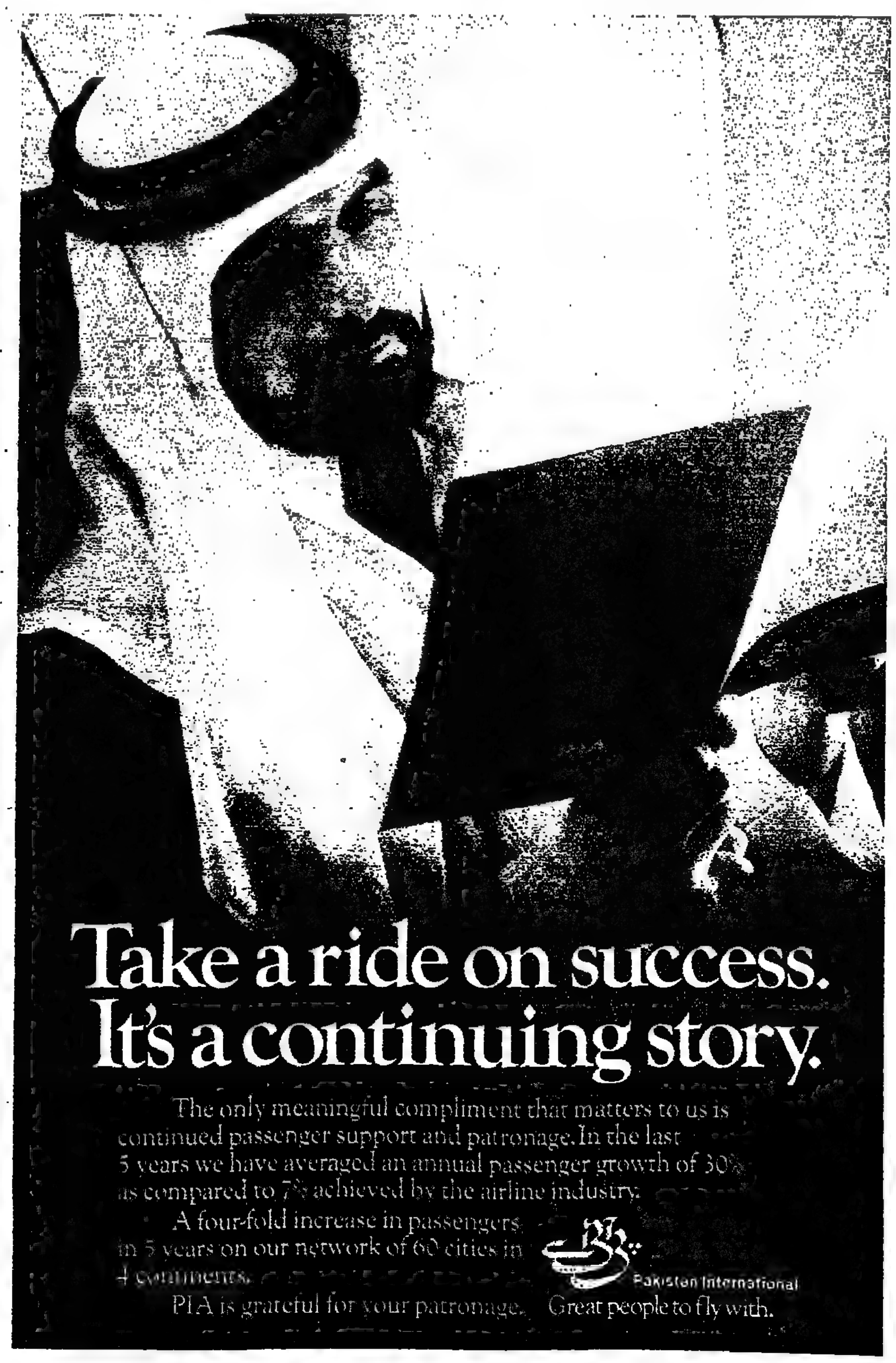
Both the Dartford and Tyne authorities believe that they are part of the general road network and should be treated as such.

What the authorities now want is government assistance in meeting part of the cost of the interest charges on the loans.

Interest charges now exceed toll income by a very large margin. This has led to the practice of capitalisation—the process by which debt charges on loans raised during construction are refinanced by raising further loans.

A deputation from the consortium, led by Councillor H. Harriman, of Merseyside, recently put the case for some interest relief to Mr. William Rodgers, Secretary for Transport, and was pleasantly surprised when he did not reject them out of hand.

The PAC has criticised capilisation because of the risks of debts becoming unmanageable, and Mr. Rodgers has the criticism of the PAC very much on his mind at the moment. He has to reply to the committee next month and so the timing of the consortium's meeting with him could have been propitious.



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Measures film lengths

SHARLAND MULTI-DUTY film-frame counter and timer enables film and magnetic-film stock of all types to be measured with great accuracy. The Sharland counter assesses the number of frames in a length of film according to its type (35 mm. 16 mm. Super 8 or 8 mm) and processes this data to display both film footage and film running time, as required. It is a solid-state electronic device incorporating a Ferranti 24R optical encoder as the film measuring transducer. This encoder provides a direct electronic output suitable for electronic control circuits and is inherently reliable with, potentially, a long service life.

The Sharland multi-duty counter can be adapted to operate with all types of film-editing units, and projectors used for dubbing, and an adapter has been designed and is available that enables the encoder transducer to be fitted as a direct replacement for the mechanical counter on Steenbeck editing machines.

A selector switch on the fascia of the counter enables the operator to choose the particular information shown on the six-digit visual display. As film is run through the editing machine to which the Sharland counter is coupled pulses from the Ferranti digital encoder, indicating the number of frames that have passed, are recorded in a register.

According to the setting of the selector switch this basic data is then converted by hard-wired calculation circuits to show the information required. Because the data held in the storage register represents the number of frames from some pre-specified datum position, film footage and film running time can be determined merely by resetting the selector switch. The equivalent length of film required in other gauges can also be determined by changing the selector switch. The count displayed is accurate no matter how many reversals in film running direction have been made in the interim.

The Sharland counter also includes a clock-circuit for timing purposes. A repeater circuit enables the information shown on the digital display to be fed into a TV video channel and superimposed on scenes projected on TV screens.

Roger Sharland Services, on Abson (02?582) 2725, or Ferranti Industrial Products, Thornybank Trading Estate, Dalkeith, Midlothian, EH22 2NG.

Circuits are protected

CLAMP CROWBARS for protecting sensitive microcircuits from destructive transients and over-voltage conditions are available from Rhopoint.

These units provide a low-cost answer to the problem of harming expensive and delicate components from spurious spikes, accidental short circuits and power supply faults that can lead to catastrophic failure of a system.

These two-function devices will clamp low energy transient spikes appearing on the dc power line to a safe pre-determined level, recovering automatically when the transient passes. On higher energy over-voltages such as would be caused by a power supply fault or mis-adjustment, the devices, sensing the higher energy present will automatically go from clamp to crowbar mode, switching, in micro-seconds, from an open to virtual short circuit. The unit will reset automatically if the power is momentarily removed.

Clamping crowbars come in a range of voltages to protect 5V, 12V, 15V and 28V dc circuits with current ratings of either 5A or 35A. Other voltages and current ratings are also available.

Rhopoint: Oxted (08833) 7988.

● RESEARCH

Shows how metal panels distort

LASERS CAN provide a simple, safe and relatively cheap way of seeing the actual distortions in a metal panel while it is vibrating. The method has been developed by a team in the Cranfield Institute of Technology's (CIT) School of Automotive Studies. So far, all other methods used have been unsatisfactory, and it is hoped that the new work will have applications in the fields of noise research and structural fatigue testing, apart from arcane applications in espionage.

The technique uses a low cost laser to produce a poorly understood phenomenon — laser speckle—which can be turned to good use by making the areas of vibration visible to the *human eye and to the camera.*

Laser speckle is a fine pattern of irregular dots which can be seen by focusing the eye on a point somewhere between the observer and the surface which is being illuminated by laser light.

Each speckle dot relates to a small region in the panel surface which, as it moves due to vibration, is constantly—but not uniformly—changing its inclination to the laser beam. This movement is reflected in the overall speckle pattern, which becomes in some sense an image of the vibrating panel itself.

The speckle effect is set up by laser light striking the panel surface and being scattered into a criss-cross of rays in the space in front of it. When the rays cross they interfere with one another, combining to give bright spots and dark spaces which make up the "pictures" of what is happening on the panel surface.

The speckle pattern shows streaking over any area where the inclination is changing rapidly, while the stationary speckles indicate static areas, or those areas moving directly in and out. The need for the observer to focus his eyes somewhere short of the surface can be met by using special spectacles to make him short-sighted.

In the same way, the speckle can be photographed using a camera with a defocused lens. This, in itself, was a breakthrough by the CIT team. Their method is a tightly defined combination of camera position and settings.

It is not absolutely necessary to use a laser—a good monochromatic (single wave length) light source is essential. The beam of the low-power helium-neon laser used is slightly diverged—partly for safety reasons—using a ground glass diffuser. The panel is treated with retroflective paint to concentrate the reflected light and make it possible to view large surfaces.

The equipment is simple to use and costs in the region of £1,000—the Cranfield work was done with a £500 laser and a £200 camera. The technique can be applied to any fairly large surface. Apart from the fatigue and noise applications, loudspeaker manufacturers may have uses for it, and so might concert hall designers and managers.

Cranfield Institute of Technology on 0234 750111.

This is the Alpine Newt, a 16-wheel drive amphibious vehicle originally designed as a military support vehicle but now seen to have many uses in civilian roles. It could for instance be useful to the police, coastguards and mountain rescue units. Costing about £3,800 the vehicle has a 16 hp engine and joystick type steering. Speed on land is said to be over 25 mph and on water 3 knots. It is built by Crayford Auto Development of High Street, Westerham, Kent.

● INSTRUMENTS

Testing new radio links

USING advanced component technology and combining transmit and receive facilities, Siemens has halved the price of its selective level measuring sets in the 200Hz to 620 kHz range.

Modern communications systems make stringent demands on test procedures and measuring instruments. Users of communications test equipment require that measuring instruments be designed to meet differing standards, measured to high degrees of accuracy and yet be versatile and cost-effective.

Together with a number of user groups, Siemens investigated measurement procedures on communications systems and found that only in 5 per cent of cases was a separate transmitter and receiver required, i.e., in 95 per cent of cases a combined receiver/transmitter with the two sections permanently synchronised is better suited. The use of separate equipment is obviously inefficient and wasteful: inefficient because two instruments have to be transported and operated, and wasteful because many of the instrument's internal circuits are duplicated, thereby increasing costs.

To facilitate improved test procedures and to reduce equipment costs, Siemens has introduced a combined test instrument that measures system characteristics at improved accuracies. The use of l.s.i. circuits and combined transmit and receive functions, produces a level, loss and gain measuring instrument for less than half the price of the two instruments it replaces.

Designated K2155, the new instrument has a measuring range from 200Hz to 620kHz at levels from −110 to +20dB/dBm in the selective mode. Compact and robust construction—17.9 by 5.9 by 18 in (455 by 150 by 457 mm) and enough strength for use in the most rugged working conditions—makes the instrument ideal for both production and maintenance uses. A built-in rechargeable battery (discharge time in excess of 30 hours depending on operating mode) ensures independence from mains power supplies. The instrument's frequency range covers measurements on balanced 120 channel systems and voice frequency telegraphic systems.

Two receive bandwidths, 30Hz and 3.1kHz, are incorporated for various measurements. The highly selective 20Hz filter is for pilot measurements on voice frequency and telegraphic systems where the pilot frequency is very close to the interfering tone.

For higher frequency requirements, Siemens is also offering a test set which operates in the 200Hz to 6MHz range. This set is designated K2019.

Siemens House, Windmill Road, Sunbury-on-Thames, Middx. TW16 7HS. 09327 85691.

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● COMMUNICATION

Designed for hotels

OFFERED by General Telephone and Electronics is a version of the GTD-120 digital PABX designed to cater specifically for the needs of the hotel industry.

Basically, the equipment takes incoming speech channels, digitises the speech using pulse code modulation, moves the speech data round the exchange on time division multiplexed lines, switches the calls using solid state devices, and reverses the process for outgoing channels. Direction is by stored program control using a microprocessor.

As a result, the exchange can offer a considerable number of telephone facilities tailored for hotels of up to 120 extensions.

Physically the system consists of a small electronic switching cabinet, desk-top console for the operator, a control and display terminal for administering some of the special services, and a tabletop printer for producing certain permanent records.

The facilities obtainable will be of some interest to proprietors and guests alike.

For example, the telephone in a room can always be made to be the same as the room number, simplifying the matter for guests and making records easier for management.

Guests' local calls are counted automatically, and they can place long-distance calls direct with a PTT operator, cutting the hotel's and their own time.

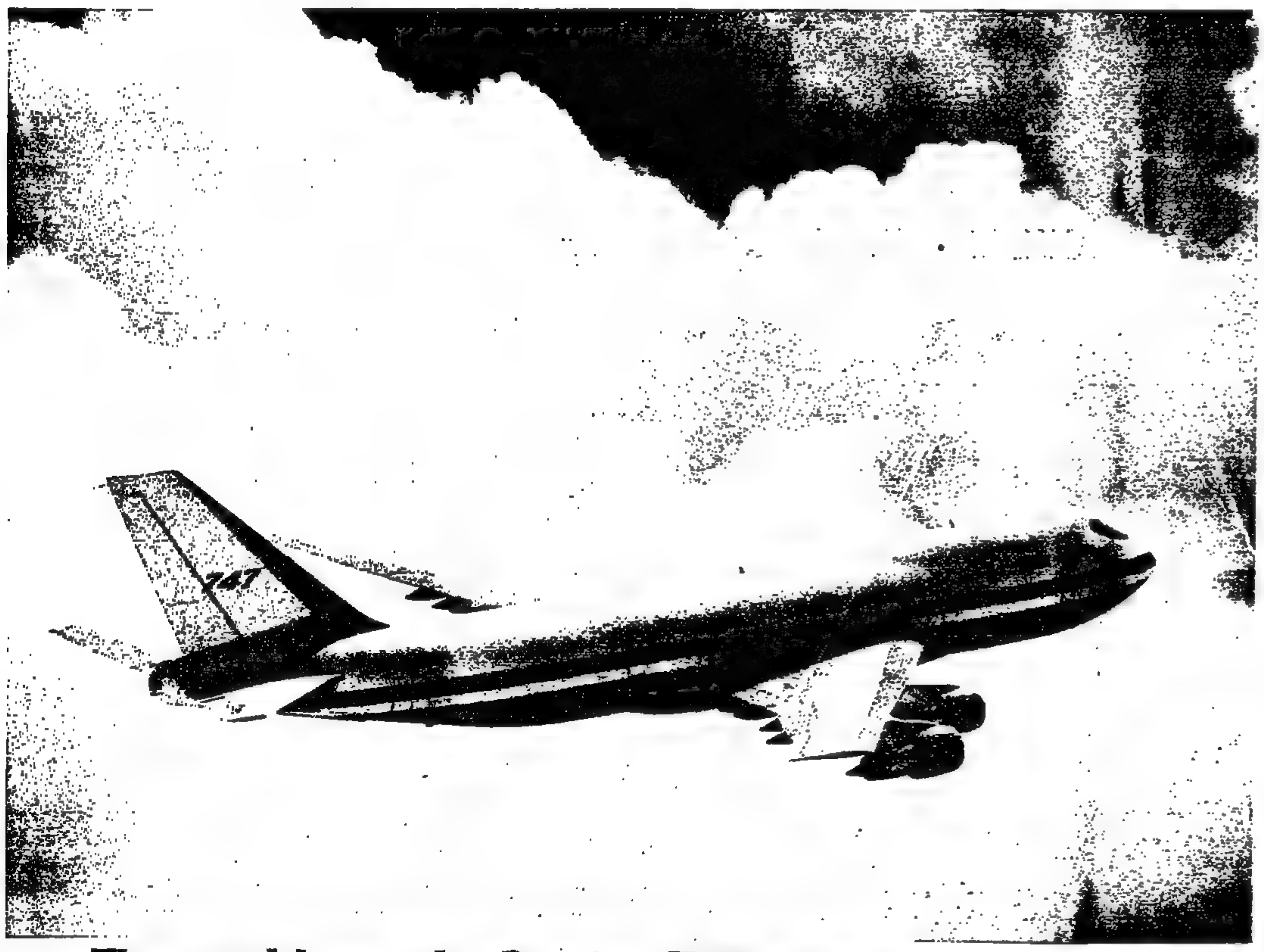
Guests' requests for wake-up calls can be fed into the system's computer, which will then ring each telephone at the arranged time and play a recorded message. By request, a room phone can be effectively cut off at night, inter-room calls being automatically diverted to the console.

A small lamp flashing on his telephone notifies an occupant that a message awaits him.

Phones in unoccupied rooms can be neutralised, preventing unauthorised calls.

Although these are typical of the facilities provided they are easily altered or added to via the stored program, allowing the system to suit precisely the proprietor's wishes.

More from GTE International, Viale Europa 46, I-20093 Cologne Monzese, P.O. Box 3954, 20100 Milan, Italy.



The world says the Boeing 747 is the best way to fly.

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We've surveyed over 80,000 people in 90 countries. The question: For longer flights, what's your favourite way to fly? The answer: The 747. Passengers like the extra room, the two wide aisles and the luxurious first class area with the staircase. So, plan your next trip on the Queen of the Sky. You have a choice of more than 40 airlines that fly the Boeing 747 to 134 different cities throughout the world.

BOEING
Getting people together.

Counts and controls

A PRE-SELECTING batch counter and controller suitable for use with a wide range of production machines in industries such as textiles, coil-winding, food processing, packaging and many others has been put on the market by Control Ability of Blackburn.

The desired achieved count is set on thumbwheel digital indication switches on the front panel and when the actual count, shown on another (electronic) display is reached, a relay-contact set is operated. Through a decade divider an additional electromagnetic counter can be operated if desired, allowing the count to be remembered if the mains should fail. A version with two sets of pre-setting switches can be provided to yield relay action at two distinct levels of count.

Housed in a DIN case and running from the mains, the unit can be connected to inductive, magnetic, photoelectric and mechanical sensors.

Data on the units, designated PC, from the company at Cambridge Street, Great Harwood, Blackburn (0254 886885).

Noise level computed

AIRCRAFT, railway and other long-term environmental noise can be monitored and processed over periods of days, or with external batteries, weeks, using the 162LAX portable noise event analyser put on the market by Computer Engineering.

Supplied complete with the necessary microphones, tripods and cables, the instrument both displays and prints out the equivalent continuous noise level and the level that is exceeded for a selected percentage of the time.

Housed in a weather-protected case, the instrument covers a 90 dB dynamic range and can be set to cover levels between 25 and 115 dBA or between 55 and 145 dBA.

The instrument is also able, throughout the period that a pre-set threshold is exceeded, to print the time at which the level goes above or drops below this.

The company is at Wallace Way, Hitchin, Hertfordshire SG4 0SE (0462 52731).

Versatile meters

FLUKE International Corporation, which supplies multi-range electrical meters, has developed two digital multimeters for both field and laboratory application.

The instruments employ liquid crystal displays with 3½ digits and have 31 current, voltage and resistance ranges. Included is a conductance range which permits noise-free leakage measurements of up to 10.00 megohms and of transistor beta.

True RMS measurement is performed on all AC ranges and the instruments are also equipped with auto-ranging, auto-polarity and a diode test facility which enables semiconductor junctions to be checked.

Basic DC accuracy is ±0.1 per cent of the reading plus one digit —a sepecification which holds good for one year at 23 deg C ±6 deg C.

Models are available with a high current range (the 8010A) or with two low resistance-ranges (the 8012A).

Fluke is at Colonial Way, Watford, Hertfordshire WD2 4TT (0923 40511).

● SECURITY

Protection from thieves and vandals

IN DESIGNING its system for the protection of motor vehicles against thieves, vandals and joy riders, Ware Electronics has ignored the usual kind of pendulum device (prone to wind and child activation) and has instead used a system which detects any increase of current taken from the battery due to intrusion.

When a keyswitch is turned to activate the alarm system, a siren will subsequently sound if the battery current increases; this means that opening of doors fitted with courtesy light switches, operation of the ignition circuit, or the turning on (or off) of any accessory in the vehicle will sound the alarm.

The siren unit, which contains the electronics, measures only 100mm by 72mm in diameter and has a flange for mounting using two self-tapping screws. This, together with the keyswitch and an accessory protection contact set (normally used to protect the radio) is easily wired to the battery. A bonnet protection switch can also be supplied.

More from the company at Fir Tree Mills, Higham, Near Burnley, Lancashire (0282 72954).

● LIGHTING

Powerful hand lamp

A NEW rechargeable battery powered hand lamp which weighs only 3½ pounds and gives a light output estimated at 10,000 candlepower, or ¼ the normal car headlight main beam power, is going on show at the Europort marine exhibition in Amsterdam next month.

It comes from Wolf Safety Lamp company of Sheffield, manufacturer of safety lamps for inspection and general lighting and gas testing in hazardous areas for marine, industrial and mining requirements.

The "Wolflite" hand lamp No. 251 gives 2,000 hours output before replacement is necessary. A spare battery can be recharged in four to four and a half hours and thus one lamp with a spare battery can give almost continuous use.

Light is produced from two sealed lead-acid fast recharge cells.

The lamp is important as part of safety equipment, particularly when an accident has given rise to a hazardous atmosphere. Vapour from damaged rail or road tankers or serious domestic or industrial gas escapes may ignite if non-safety equipment is used, while bilge gas and cargo vapour are a constant hazard.

The new lamp is expected to retail at around £37 with reductions for quantity purchases.

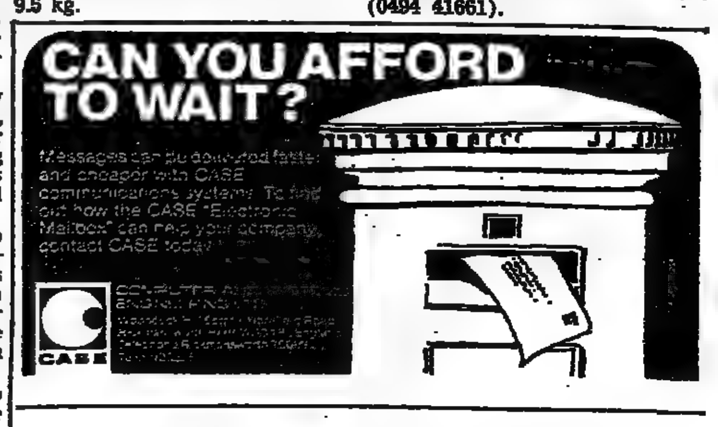
Tests micro systems

A PORTABLE test and analyser equipment for microprocessor systems based on the Zilog Z80 and Z80A devices is available from Microsystem Services.

Made in the U.S. by Milenium, the unit can provide in-circuit emulation, signature analysis and time domain analysis from a compact suitcase test unit weighing 9.5 kg.

To the system under test the unit, operating in the emulation mode, "looks like" a Z80 processor and in fact connects to the system under test via an umbilical cable that plugs into the Z80 socket on the processor board.

Further details from Duke Street, High Wycombe, Bucks (0494 41661).



BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

For further advertising details please ring 01-248 8000 Extn. 266.

هكذا من الأصل

If computers are so smart, why didn't they invent themselves?

These days, computers are credited with such prodigious intelligence one might justifiably wonder how they put up with man.

But the facts of the matter are rather less fanciful.

A computer is a tool. An instrument which deals in information.

The feats it is able to achieve are due, not to superhuman intelligence, but its ability to carry out a number of operations very quickly and very accurately.

No computer will ever be able to take decisions based on intuition.

No computer will ever be able to make the leap from information to idea.

And because we have at our disposal some of the most sophisticated computers at work today, we realise more than most the importance of the human being.

That's why everyone who works for IBM is encouraged to come up with ideas, is given the room to air them and the opportunity to develop them.

And the more sophisticated the computer this helps us develop, the more we come to value the people who develop them.

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APPOINTMENTS

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Our clients are noted for their modern management control philosophy and products which are acclaimed worldwide. This vacancy is open to accountants aged 28-36 who have acquired 5 years' post qualification practical industrial experience, the last 2 years of which must have been acquired at senior line management level. The brief will cover complete effective control of the total financial operation, including all aspects of financial planning and appraisal, internal consulting, management audit, product costing and data processing. It is important that the selected candidate has sufficient commercial acumen to make a significant contribution as a senior member of the local management team to the company's continued rate of profitable progress to warrant further promotion within 24-36 months. Initial salary negotiable £12,500-£15,000, plus car, contributory pension, free life assurance, widows pension, assistance with removal expenses if necessary. Applications in strict confidence under reference FMSE3887/FT to the Managing Director:

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We invite applications from candidates, aged 35-45, not necessarily qualified but with a minimum of five years' experience in banking or insurance or allied service organisations, controlling accounts team of 10 or more, using modern equipment and processing high volume of data. The successful candidate will be responsible for overall control of the Accounts department, maintaining close liaison with heads of other departments and for departmental organisation, staffing including selection, assessment, training and general welfare. He/She will also be expected to make a contribution to operating procedures, including data processing. Essential qualities are enthusiasm and ability to motivate a team. Initial salary negotiable £10,000-£12,000 + non-contributory pension scheme, free life assurance and free family medical insurance. 2½% house mortgage facility, assistance with removal expenses if necessary. Applications in strict confidence under reference AMMB3866/FT to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
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Yorkshire Bank Leasing

LEASING ACCOUNTANT
Leeds

Yorkshire Bank Leasing Ltd., a wholly owned subsidiary of Yorkshire Bank Ltd. was established in 1975 and is one of the top twenty leasing companies in the UK.

We seek a qualified accountant, to be based at our Leeds Head Office, age 35-45, to implement and supervise the lease accounting function. He or she will have experience of finance lease accounting and administration, be conversant with computerised accounting systems and be capable of training and supervising staff.

The successful applicant in this new appointment will also be ultimately responsible for the accounting function of Yorkshire Bank Finance Ltd.

This is a Yorkshire Bank appointment and the attractive personnel package includes House Purchase Scheme, non-contributory pension and profit sharing bonus. Salary negotiable according to experience.

Applications including detailed career and salary history should be sent to:—

Mr. N. A. Sternbach,
Manager, Personnel Selection,
Yorkshire Bank Leasing
6 Queen Street, Leeds, LS1 1HG

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A key staff position responsible to European Group MD of a successful multi-divisional company, calling for an extrovert thruster to engineer growth.

A business graduate's dream, for your task will include: overall planning and strategy; existing business appraisal and development; and acquisitions. Executive skills in marketing, planning and development gained in sound companies are essential. European experience and languages advantageous. Aged probably 26-35, with professional or degree level qualifications in science, engineering or commerce, you welcome frequent travel and spells in Europe to further your career. London base. Excellent conditions include car.

Applicants, male or female, are invited to write in confidence giving qualifications and personal details, quoting ref 1475/ALD/FT to:-

Robert Lee International
34 BERKELEY SQUARE, LONDON W1X 8AR.

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A knowledge of Arabic would be useful.

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London message desk 01-404 508

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The personnel consultancy dealing exclusively with the banking profession

EXPORT FINANCE £ Negotiable

On behalf of our client, an international bank, we seek an experienced executive to initiate an Export Finance activity. The person appointed, probably aged 30-45, will have full experience of ECGD and preferably also of European export finance, coupled with good contacts in banking and with prospective customers. For the right candidate, the position offers real scope for career growth and personal achievement, salary is fully negotiable, likely to be in the high four-figure range.

Please contact: SOPHIE CLEGG

MONEY BROKING £ Negotiable

Among the vacancies we can currently offer in the field of Sterling money broking are the following openings with leading firms in the City:

. . . Two Local Authority Dealers
. . . One Commercial Dealer
. . . Two Interbank Dealers

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Please contact: ARTHUR SIDDALL

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

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Woellwarth & Co. Ltd.

MARKETING DIRECTOR
(DESIGNATE)

A high calibre Marketing Manager with proven marketing experience is required by a long-established company engaged in the blending and distribution of lubricating oils and allied products.

This is a new appointment and in-depth marketing experience is more essential than a knowledge of our market. Subject to the successful candidate's satisfactory implementation of a positive ongoing marketing policy it is intended he be appointed to the Board within twelve months of his initial appointment.

The salary for this position is negotiable and there are excellent prospects for further advancement within the group.

Applications with curriculum vitae, in strictest confidence to the Chairman, Box A.6499, Financial Times, 10, Cannon Street, EC4P 4BY.

ACCOUNTANTS, ECONOMISTS AND DEVELOPMENT BANKERS

Required for tax-free salaried positions in Third World countries. Ring 01-636 5991 for application form or send C.V. to:

Malla Management Consultants
1, Devonshire Street, London, W1N

The National Federation of Building Trade Employers
Eastern Region

invites applications for the post of Director of its Eastern Region which covers the counties of Beds., Cambs., Essex, Herts., Norfolk and Suffolk. The Regional Office is located in Cambridge. The present Director retires in April 1979. Responsibilities include the administration of a large Region and the efficient conduct of its business. This is a major task requiring considerable managerial skill and administrative ability, involving direction of the activities of Regional staff, maintaining communications with Local Associations and member companies and with other organisations and official bodies and co-operating with Headquarters staff. The Director is also responsible for implementing Federation policies in the Region, for the financial affairs of the Region and for the provision of guidance to the elected Officers of the Region. Attendance at meetings throughout the Region, at London headquarters and adjacent Regions is required entailing a considerable amount of travelling.

Applicants should hold a degree or professional qualification and have a sound knowledge of the building industry and economic affairs—a legal background and knowledge of contract law would be desirable. It is envisaged that the successful applicant will be around 40 years of age. Starting salary by negotiation, depending on age and qualifications. A car is provided. Applications, with curriculum vitae, marked Private & Confidential, to Assistant Director-General, NFBTE, 82 New Cavendish Street, London W1M 8AD, by not later than first post on 6 November 1978. It is hoped that the successful applicant will be able to take up the post by not later than 1 March 1979.

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EXPATRIATE FINANCIAL ADVISORS LIMITED require a competent adviser specialising in the financial affairs of working British expatriates. The ideal candidate might be in his/her 30s probably at present employed in an accountancy firm and must be experienced in personal tax.

Harry Brown.
EXPATRIATE FINANCIAL ADVISORS LIMITED
20 Copthall Avenue, London, E.C.2.
Telephone: 638 0658.

FINANCIAL ACCOUNTANT
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We urgently require an Arabic speaking part/qualified accountant aged 25-30 with sound experience of cost accounting in the engineering industry.

Please ring for further information:—
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Minimum £8,500 p.a.
New Bank in Mayfair, experience abroad preferred but not essential. Age 35-40
Phone Colin Gray 499 5204
Talented People Agency

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EVE, 189, Regent Street 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

PUBLIC NOTICES

CANNOCK CHASE DISTRICT COUNCIL £240,000 Bills issue date 25.10.78 maturing 25.4.79 at 10 ... Applications totalled £1,450,000 and there are no Bills outstanding.

COUNTY OF SOMERSET £1,000,000 Bills issued 25th October, 1978, due 24th January 1979, at 9 ... Total applications £6,950,000. These are the only Bills outstanding.

HOMES INSULATION ACT 1978
HOMES INSULATION SCHEME 1978
After 1st January 1979, the Scheme will be amended to list loft insulation on which grant will be payable. Manufacturers wishing to have their product included on the list should write to the Department of the Environment, Room N7.01A, 2 Marsham Street, London, SW1 3EP, for further details by not later than 1st December 1978.

COMPANY NOTICES

NICHII COMPANY LTD.

NOTICE TO EDR HOLDERS

Further to Notice of September 4, 1978 advice has been received from Tokyo that an interim dividend of Yen 8.50 per share has been declared in respect of the first half of the current fiscal year payable November 22, 1978.

From the fiscal statement for the period total sales are Yen 167,197M and net income Yen 2,722M.

A further announcement will be made as soon as practicable after the receipt of the dividend by the Depositary advising EDR holders of the procedure to be followed for receiving payment of the relevant distribution in U.S. Dollars upon the presentation of coupon No. 4. Such presentations should only be made upon such notice.

THE CHASE MANHATTAN BANK, N.A., LONDON as Depositary.

THORN ELECTRICAL INDUSTRIES LIMITED
(CDRs)

The undersigned announces that as from 30th October 1978 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 2 of the CDRs Thorn Electrical Industries Limited, each repr. 50 shs., will be payable with Dfls. 18.32 (re interim dividend 1978 9p per share). Tax credit £- 2215 = Dfls. -.90 per CDR. Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
15th October 1978

AUSTIN REED GROUP LIMITED

Notice is hereby given that the Register of Members will be CLOSED and the registration of transfers of ALL CLASSES of shares will be suspended from 6th to 10th November, 1978, inclusive.

By Order of the Board
G. J. TUBB,
Secretary.

P.O. Box 2AJ
103-113, Regent Street,
London, W1A 2AJ.

ART GALLERIES

BROWSE & DARBY, 19, Cork St., W.1. ANTHONY EYTON. Recent Paintings and Drawings.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. MAXWELL ARMFIELD.

FURNEAUX GALLERY of Wimbledon presents an exhibition of new paintings by Peter Newcombe from Oct. 24 to Nov. 10 at the Alpine Gallery, 74, S. Audley Street, London, W.1. 10.30 to 5 daily (except Sats. & Suns.). Late opening to 8 pm each Tues. Tel. 629 8820.

GASTON PIERRE GALEY (1880-1959) Paintings at the Mall Galleries, The Mall, S.W.1. Mon.-Fri. 10-5. Sats. 10-1. Until Oct. 31. Adm. free.

J.P.L. FINE ARTS, 24, Davies Street, W.1. 01-493 2630. RAOUL DUFY drawings, watercolours 1900-1939. Oct. 10-Dec. 8. Mon.-Fri. 10-6.

MALL GALLERIES, The Mall, S.W.1. Royal Institute of Oil Painters Ann Exhn. Open Daily Inc. Suns. 10-5. Until Nov. 2. Adm. 20p.

MANDELL'S GALLERY, Elm Hill, Norwich. Tel. (0603) 26892 & 29180. Annual Exhibition of Norwich School Paintings and Watercolours. Also works by 19th Century Suffolk Artists. October 21st to November 18th. Daily 8 am to 5.30 pm. Catalogues £1.00 (U.K.). Proceeds to Guide Dogs for the Blind Association.

MARINE ARTISTS. Royal Society's Annual Exhb. at Guildhall, E.C.2. Mon.-Sat. 10-5. Until 1 pm Nov. 3. Adm. free.

OMELL GALLERIES. Fine British and French MODERN DRAWINGS and Modern British MARITIME PICTURES. 42, Albemarle Street, Piccadilly, W.1.

SUSAN SWALE'S SALOFE, Fieldbourn Galleries, 63, Queen's Grove, N.W.8. 586 3600.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of Old marine, military and sporting and topographical prints and paintings and ships models.

LEGAL NOTICES

No. 003314 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ALFRED ISAACS & SONS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 17th day of October 1978, presented to the said Court by MITCHELL COTTS & COMPANY LIMITED whose registered office is situate at Cotts House, Camomile Street, London EC3A 7BG, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WILLIAM A. CRUMP & SON,
9, St. Helen's Place,
London EC3A 6AE.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November, 1978.

APPOINTMENTS

Changes on Export Advisory Council

Lord Kindersley, a director of Lazard Brothers and Co., has been appointed deputy chairman of the EXPORT GUARANTEES ADVISORY COUNCIL which advises the Export Credits Guarantee Department on its commercial operations. He succeeds Mr. R. A. S. Lane, vice-chairman of Standard Chartered Bank, whose term of membership of the Council has ended.

★

Mr. P. E. Leslie, general manager of Barclays Bank International, and Mr. R. J. Withers, managing director of Davy International, have been appointed members. Mr. D. W. Hardy, senior executive director of Ocean Transport and Trading, and Sir Peter Matthews, managing director of Vickers, have retired from the Council at the end of their term of membership.

★

The Secretary for Energy has appointed Mr. Bryan S. Townsend to be deputy chairman of the SOUTH WESTERN ELECTRICITY BOARD for five years from December 1. Mr. Townsend, at present chief engineer of the South Wales Electricity Board, succeeds Mr. Duncan McGrouther, who became a full-time member of the Electricity Council last month.

★

Mr. Anthony Grant, Conservative MP for Harrow Central, has been appointed Parliamentary Consultant to the GUILD OF BUSINESS TRAVEL AGENTS.

★

IHI (Ishikawajima-Harima Heavy Industries Company) has made the following appointments at its representative offices in London and Milan. Mr. Ryoichi Shimizu, former assistant manager of the general manager's office of Europe, becomes manager of the London office. Mr. Masaharu Iwama, who was manager, London office, continues as general manager, Europe. Mr. Kouhei Nose has been made manager in Milan. The former Milan manager, Mr. Yoshio Hatanaka has been transferred to IHI's Tokyo head office.

★

Mr. David Cooper has been elected chairman of NELSON DAVID. Mr. T. Owen, the former chairman, becomes deputy chairman and Mr. Henry Nathan has been appointed a director.

★

The Secretary for Prices has appointed Mrs. N. Bloom as a member of the CENTRAL TRANSPORT CONSULTATIVE COMMITTEE until July 31, 1980.

★

Mr. W. D. H. Gregson is to join the Board of ANDERSON STRATHCLYDE as a non-executive director. Mr. Gregson, who is assistant general manager of Ferranti, Scotland, is also a director of the Scottish Telecommunications Board and of the Scottish Council (Development and Industry).

★

Mr. G. J. Okell has been appointed company secretary of the "SHELL" TRANSPORT AND TRADING COMPANY in succession to the late Mr. A. R. Harvey. Mr. Okell practised as an advocate and solicitor in Singapore before joining Shell Petroleum in 1958. He is now a member of the English Bar, and is at present a director, and general manager finance and information, of the Shell Company of Australia. He was previously finance director of Compania Shell de Venezuela. Mr. Okell will take over his new post on February 1, 1979, and until then the company's assistant secretary, Mrs. T. J. Madley, will continue to act as secretary.

★

Mr. J. E. Genders, deputy general manager (personnel), of the GUARDIAN ROYAL EXCHANGE ASSURANCE, will retire on December 31. From the beginning of next year Mr. A. H. Robinson will become senior personnel manager and Mr. J. S. Garnett personnel manager.

★

Mr. Derek Thwaites has been appointed managing director of CAPPER-NEILL CONTROLS, the Capper-Neill group subsidiary which manufactures gauges and telemetering equipment for the process plant industry.

★

Mr. David Sunray has been appointed assistant general manager of the corporate business and export credits departments of BARCLAYS BANK INTERNATIONAL. He was previously assistant general manager responsible for BBI's operations in the Middle East, New Hebrides and Fiji.

★

CEMENTATION CONSTRUCTION has appointed Mr. Peter J. O. Burgess as director of UK business development and Mr. John Andrew has been promoted from regional to UK marketing manager. Mr. Burgess, who has been a director of Cemcon for several years, is also a vice-president of the Concrete Society. Cementation Construction is a subsidiary of Trafalgar House Investments.

Mr. Peter Burgess

★

Mr. Martin R. Shugrue has been appointed PAN AMERICAN WORLD AIRWAYS' regional managing director — UK and Western Europe, an area covering the UK and Ireland, the Nordic countries, the Benelux countries, France and North Africa. Based in London, Mr. Shugrue will oversee Pan Am's administration, marketing and operations in the area. He was formerly regional managing director—Eastern Central U.S., located in Washington, DC.

★

Mr. Antoine Crabit has been made UK representative to the London office of the CAISSE CENTALE DES BANQUES POPULAIRES in succession to Mr. Lionel Thornton. Mr. Karl Ruge has joined the bank as adviser.

★

Mr. John Bischoff, sales director of INGERSOLL, has taken on the additional duties of general manager. He will be responsible for streamlining internal systems and co-ordination of all company functions.

HOME CONTRACTS

Chrysler UK gets £4m order for Sunbeams

CHRYSLER UK has won an order worth over £4m for 1,500 of its Sunbeam hatchbacks. The cars—1.3 LS models—will be supplied on lease to Tupperware during 1979 for its managers. They are being supplied through 40 Chrysler dealers. The contract represents Tupperware's tenth year using Chrysler cars.

★

UBM HILLS GLASS of Nottingham has secured an order to supply and glaze Lexgard into all windows and glass door openings in the private home of a wealthy businessman. Lexgard, which was specified by Burton J. Helling and Associates of Luton, is a bullet resistant laminated polycarbonate sheet. The contract is worth over £35,000, but the total cost for the complete installation including frames, is £80,000.

★

Work has just started on a new £100,000 contract won by PHILIPS GROUP PROJECTS (UK) for the supply and installation of complete public address and entertainment audio systems for three Butlins hotels at Margate, Brighton and Blackpool.

★

MATHER AND PLATT has won an order valued at about £350,000 for the supply of low-noise electric motors to be installed at the Fluid Catalytic Cracker (FCC) Unit under construction at Pembroke, South Wales. The order has been placed by Snamprogetti, main contractors to Pembroke Cracking Company, for the construction of the refinery extension.

★

A £130,000 contract for heating and air conditioning a new extension to the Victoria and Albert Museum has been secured by HADEN YOUNG, a part of the Haden Carrier Group. Work will begin in November and is scheduled for completion in May, 1980.

★

FIVES LILLE-CAIL (U.K.) COMPANY is awarded a contract from British Rail for major works at the Meldon Quarry at Okehampton, Devon. The contract valued at about £1.25m includes the total turnkey design erection and commissioning of a 700 TPH Secondary Crushing and Screening Plant to produce ballast for the main high speed railtrack network.

★

A contract placed by the New Forest District Council for the construction of 26 dwellings in Fordingbridge with Reema Construction has resulted in the Hythe-based civil engineering contractor P. Trant being awarded a sub-contract worth over £62,000. The work undertaken by Trant involves site clearance and demolition of property to prepare the area for the main contractors.

★

After four years' experience of supplying stainless steel exhausts as optional spares, Saab has switched to GRUNDY for its future requirements. The systems will be sold under the Saab label and will be distributed to dealers throughout the world. Value of the first year's sales is expected to be in the region of £250,000.

The Swedish Consumer Council has been pressing for legislation to compel Swedish car dealers to offer stainless steel exhausts since the publication in 1976 of a report by the Swedish Institute of Corrosion, which highlighted the high cost of repeated exhaust system failure.

★

As part of its modernisation for Glasgow Underground, the Greater Glasgow Passenger Transport Executive has chosen ceramic tiles for the platforms and walls from the CERAMIQUE INTERNATIONALE collection to a total value of £100,000. Over the next 12 months, 15 stations are scheduled for modernisation. The platforms will feature rustic paviors and the walls a glazed tile with a specially mixed shade of brown.

★

Contracts, together valued at nearly £2m, have been won by CRAVEN TASKER. The largest, worth about £750,000, has been awarded by the United States Lines Inc., for the supply of 12.2 metre long ultra lightweight gooseneck chassis trailers for transporting tunnel freight containers.

ROBERT MORTON DG has won a £200,000 contract from Everard Breweries for the redevelopment of the supply of conical fermenting and conditioning tanks for the

★

The Alattiyah Contracting Company of Dohah, Qatar, in the Gulf, has placed an order worth £300,000 for construction equipment with FREDERICK PARKER of Leicester.

★

A £125,000 order for dust collection and control plant has been placed with PEABODY HOLMES by Redpath Dorman Long (Contracting), for installation on the coke handling and preparation plant being built at the Port Talbot Works of the British Steel Corporation.

هكذا من الأهل

The Management Page

EDITED BY CHRISTOPHER LORENZ

Max Wilkinson reports on the breathtaking track record of a leading U.S. micro-electronics company

From chips to computers in one spectacular jump

ALL the current European scussions about how to build strength in micro-electronics, e key fact is often ignored: at the U.S. companies which minate the market are themves in a state of upheaval.

The world leading semiconctor manufacturers have und that the complexity of eir products has started to tapult them into new areas of siness which demand more search, new management proaches and above all, comete redefinitions of their basic ategy.

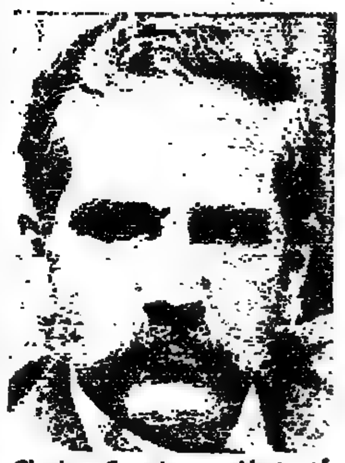
The rapidity with which some these companies have reonded to new conditions is eathtaking—and certainly an ject lesson to some of the re traditional industries ich are now beginning to feel shock waves of the microctronics revolution.

One of the most interesting amples is National Semiductor, the Santa Clara, lifornia, company which has en in ten years from scurity to become one of the rld's four largest semiiductor manufacturers, with urnover last year of nearly 0m.

During its brief and specular rise, National has made eral rapid changes in direcn, including an expensive ay into the consumer ctronics market. Now it is ding itself for the effort to ome a major computer npany.

As Mr. David Martin, vicesident in charge of the new nputer products division, plains: "We started out as company making semiductors. Now we are becom- a company which uses nputers to make computers."

He was describing not a icy of deliberate diversifica- into the computer business a basic trend in the manuture of semiconductors mselves. Miniaturisation has e so far that the tiny "chips" of silicon produced by semiconductor companies can have the processing power of quite advanced computers; and they are so complex that all stages of their manufacture depend heavily on the use of computer-controlled equipment.



Charles Sporck, president of National Semiconductor.

This continual increase in complexity creates a fundamental dilemma for companies who were used to supplying millions of relatively simple components to customers who design, manufacture and market complete "systems"—including computers, defence equipment or telecommunications.

Now, however, as Mr. Martin says, "the 'system' is becoming a chip and the chip is a 'system'." This change, which only got under way in the late 1960s, will continue for the next two decades at least, and will have fundamental implications for all companies engaged in electronics.

Semicondutor companies have been quick to understand the dangers of a trend which would make their products ever more complex, yet ever cheaper, while their capital costs continued to increase. As Mr. John Nesheim, National's Treasurer, says: "Some day computers will be tin boxes mostly full of air, with just a few integrated circuits in them."

IT WAS not until the early 1960s that techniques were developed for implanting more than one transistor onto a single "chip" of silicon, and connecting them up to form an integrated circuit. Very rapid strides have since been made in etching more and more transistors onto chips only a few millimetres square. Packing densities have doubled every year. Entirely new mass markets have been opened up as prices continue to fall. Currently it is possible to place about 100,000 components on a chip.

By the mid-1980s, it is expected that several millions of microscopic components will be placed on chips only the size of a soapflake. Semiconductor makers would then be able to pack the equivalent of the largest computers onto a single chip. Already microprocessors have evolved into a new generation of micro-computers which contain as much memory and processing power on a single chip as some sophisticated mini-computers hundreds of times larger.

These micro-computers, and the more complex memory chips, are so complicated that they have to be designed with the aid of a computer, processed by computer-controlled equipment and tested by computers. Even the assembly of chips into plastic packages will eventually be done by computer-controlled robots.

Even now, computers selling for about $1m can be built from semiconductor components costing around $100,000. The cost of semiconductors to make 1m units of computer memory (1 megabyte) was about $32,000 in 1974, $8,000 in 1977 and will fall to a mere $500 by 1984, according to Morgan Stanley, the New York analysts.

So far the manufacturers have been largely insulated from these trends by the steady increase in demand as new applications for their products are found in computers, industrial control and the consumer markets. But most of them have already been making efforts to gain direct access to these markets.

Discrete

National, for example, started in a modest way in 1959 in Danbury, Connecticut, making discrete transistors. It was not until 1966 that the present growth pattern started to be set. Control of the company was acquired by a private financier, Peter Sprague, who brought in Charles Sporck as president with a group of key managers from rival firms.

The headquarters moved to Santa Clara, in the now famous "Silicon Valley" area, where Sporck imposed his own distinctive management style. None of the senior executives, for example, has an office of his own. All including Sporck, sit in a large open plan room, protected from each other and from their secretaries only by movable partitions.

"It is a lot harder work," one manager said, "because if people want to ask a question they just put their heads over the partition and interrupt. But it means we don't have endless committees to decide everything; so National can react very fast. National stops on a dime."

A combination of rapid decision taking, and informality of management style, certainly enabled National to pull up much more sharply than did some of its competitors when semi-conductor orders went into a steep dive in mid 1974. Capacity was quickly reduced with substantial lay-offs. National was also more agile than most in pulling out of the mass consumer market for calculators and watches two years later, after Texas Instruments and the Japanese had driven prices into the ground.

The consumer market looked an ideal opportunity in the early 1970s for semi-conductor manufacturers to add value to their high technology components. Since their chips constituted by far the most complicated parts of an electronic calculator or a watch, it appeared to be a relatively obvious step to make and market the whole thing.

Moreover, the semi-conductor makers needed to be sure of a high volume market to provide the necessary economies of scale in the manufacture of the chips themselves. So National, like Fairchild—another of the top four—invested heavily in manufacturing and marketing of consumer products.

But the market was saturated and in the fierce price war that followed with Texas Instruments and the Japanese, National and Fairchild both sustained heavy losses. Both were left with huge inventories which they could not shift.

The effect on National was extremely serious in 1977, when pre-tax profits were almost halved in just one year. A large part of the company's $15m fall in profit was attributed to the failure of the consumer operation.

However, by 1978, National had climbed back onto a rising trend, with a pre-tax profit of $40.6m on a turnover of almost $500,000m. Now, the consumer sales have been relegated to a sideline. The company has pulled out of the manufacture of calculators altogether, though it still markets a range of instruments made in Japan. In watches, it is concentrating on the more up-market versions. Now the main thrust towards diversification is centred on the computer products division.

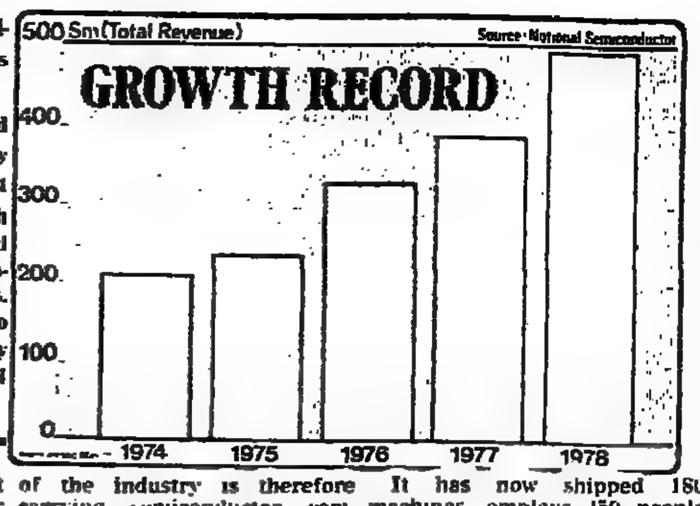
Mr. Martin says the move into watches and calculators was dictated by basically the same forces as have pushed the company into computer products. But computers are of course much more sophisticated products requiring a lot of expensive research and development. For this reason, Mr. Martin does not foresee the same dangers of a price war or changes in fashion in customers' demand.

"As chips become more integrated and prices fall, we are faced with the prospect of declining revenues unless we do some basic restructuring to get into the business for systems and end-products."

The move into computers will be much more complicated than the ill-fated attempt to become a force in consumer electronics, but Mr. Martin believes it is also more logical. The next generation of semiconductors will be so complex that the manufacturers will have to build up a substantial capability in computer programing just to produce them. Moreover, the new powerful microcomputers will need to be backed with software developed by the manufacturers.

All the forward momentum of the industry is therefore carrying semiconductor companies into computer programming and marketing. Most of the major producers, including Intel, Fairchild and Texas Instruments, have now entered the mini-computer market, as a natural progression from micro-processors.

However, National decided on the even bolder strategy of aiming to become a manufacturer of a complete range of computers, from the most powerful mainframes down to the smallest micros.



Outsmart

The move started in great secrecy in 1975, when National bought a company started by a group of ex IBM engineers near San Diego. They had set up with a clever idea for building a machine which would be a substitute for one of the medium range IBM machines, but would outsmart it on price and performance. They wanted to emulate the success of Dr. Gene Amdahl, who pioneered a profitable road in developing IBM imitation or "plug compatible" machines.

National kept its intentions dark for nearly half a year under the cloak of the original company's name "Exsyco."

However, by 1976, it had shipped its first system to the computer leasing company Itel (not to be confused with the semi-conductor company, Intel) with which it now has an exclusive agreement for marketing machines which emulate the IBM 370-158, one of the medium-range machines.

It has now shipped 180 machines, employs 450 people and, is planning to double the size of its factory this year.

Even though National is as yet a greenhorn in the computer market, it has the great advantage of being able to feed its semi-conductor know-how into the design of computers. Thus its AS5 machine is 1.5 to two times faster than the IBM equivalent, has 40 per cent fewer components, and is claimed to be more reliable. It runs directly off IBM programmes, so that National is relieved of the large overheads of programme development. It can sell a machine to Itel for probably around $250,000, compared with the retail price of the equivalent IBM system of around $1m.

Clearly, therefore, National has a great incentive to take the extra profit available from selling direct to customers.

To achieve this, however, a further step in its evolution will be needed. It will have to develop greater software (programming) expertise, a servicing network and a wider product range. This last is already being attended to. A new small business system based on a micro-computer (System/400) has just been launched, while development work on a computer aimed to match IBM's largest, the 3033, is under way.

National is now spending $25m a year on research and development into computers, out of its total R & D budget of $80m. It believes it is the tenth largest investor in computer research in the U.S., and in two years' time it is expecting to be spending at the rate of $50m to $60m a year. Mr. Martin expects its annual sales of computer systems to have reached $200m "sometime this year or next."

However, even for a computer company intending to ride on the back of IBM's software, sales of $200m are relatively small. Mr. Martin believes that in three to five years a minimum turnover of $400m will be needed to sustain the capital investments which will be needed by then.

"In ten years' time we will be a systems technology company, which also makes semi-conductors," Mr. Martin says.

National's strategy for becoming a computer manufacturer is based on the belief that IBM will never be able to make obsolete the huge amount of software which is currently being used on its computers throughout the world. The total value of this software is put at around $3bn.

As National grows towards its ambition of becoming a diversified $1bn a year corporation, new management styles will inevitably have to develop. The tight personal style of Mr. Sporck is beginning to be relaxed as the divisions take on more complex assignments.

Significantly, the company has recently hired its first vice president, Human Relations, Mr. Roy Brant, who came over from Motorola, a "maturer" company which prides itself on personnel policies. Mr. Brant reports direct to Mr. Sporck. His appointment seems to show an awareness that $500m a year turnover is a kind of a landmark. National got there on fast reactions, a ruthless paring of overheads and production efficiency.

For the next phase it will need to take a more leisured view of the future and to maintain all those intangible corporate strengths like high morale and a good public image—since computer software is essentially labour intensive the company will inevitably become more people oriented. Indeed, National is entering a completely new phase, for in the next decade its main competitor will be the seventh largest corporation in the U.S., the mighty IBM.

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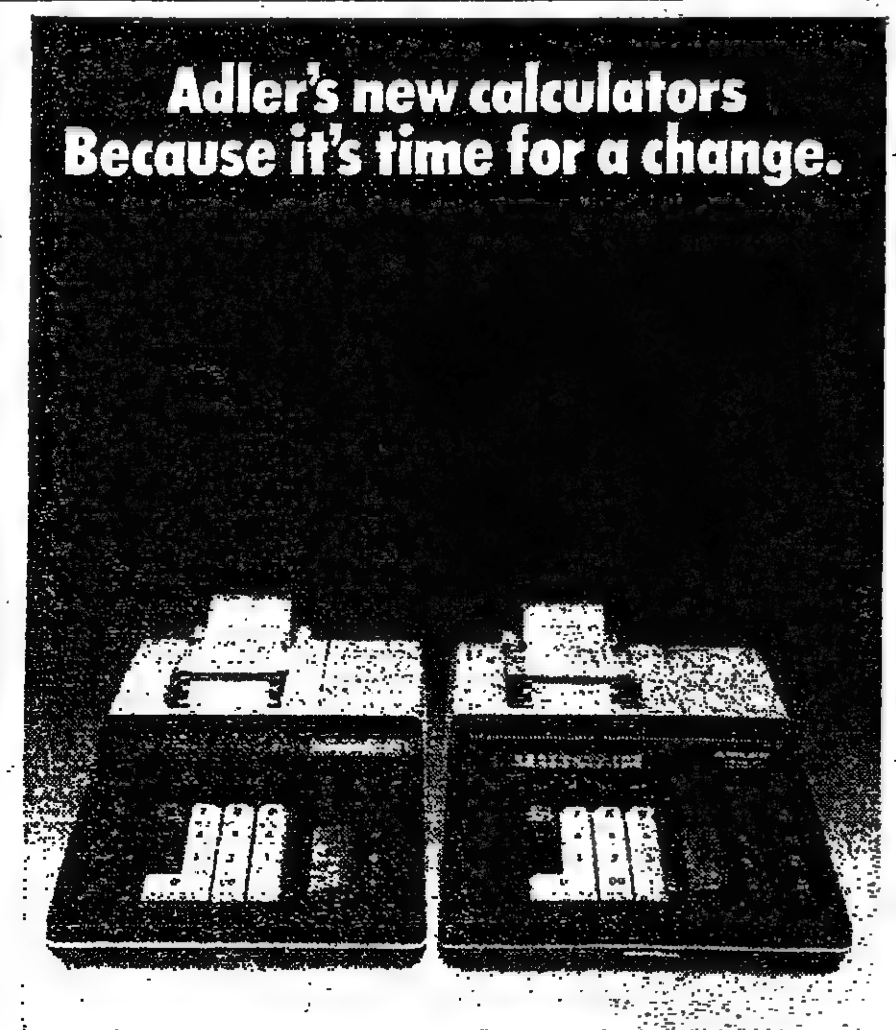

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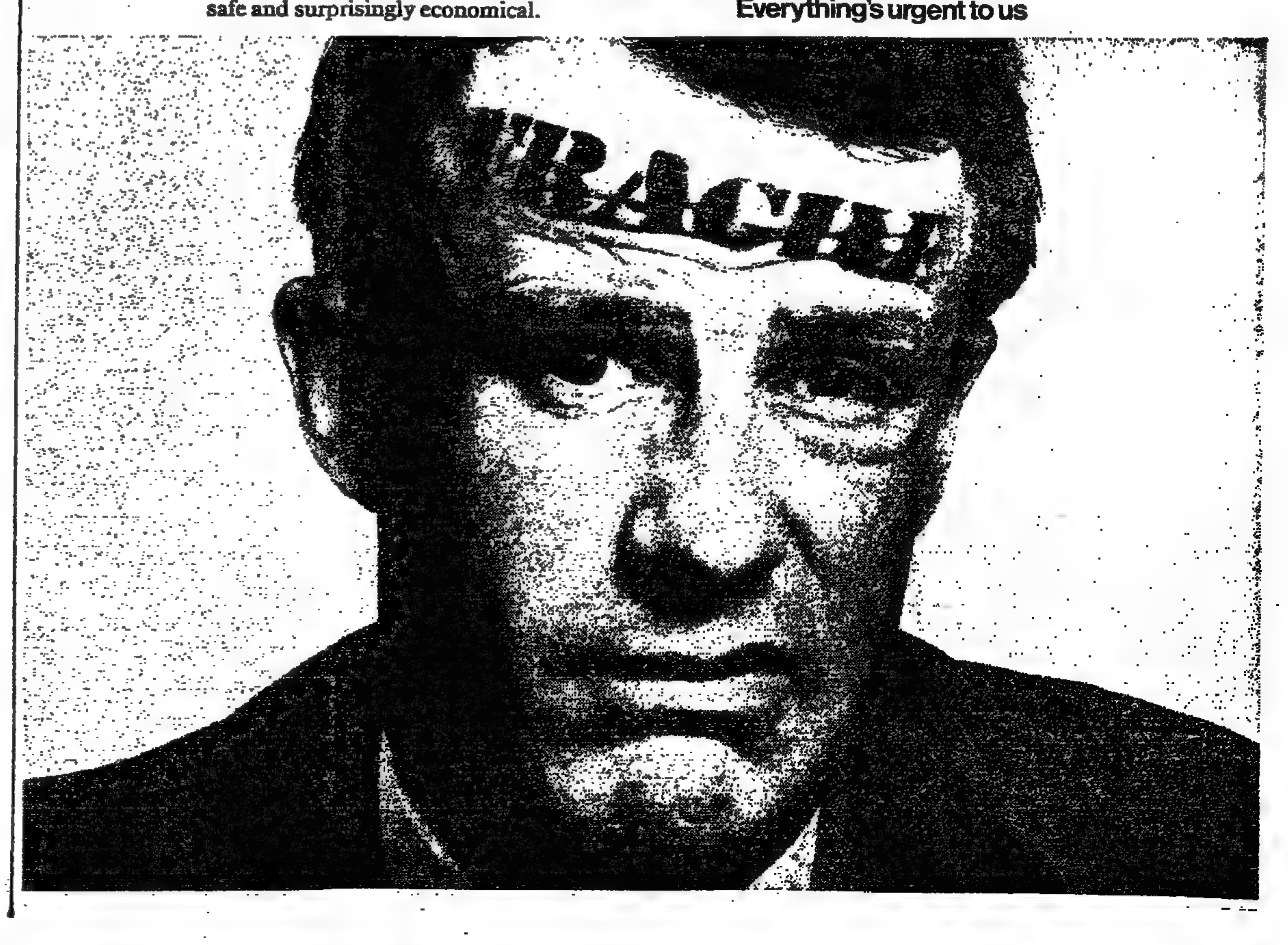


Caught up in apron-strings

BY COLIN JONES

IT IS a sad yet illuminating comment on the way we do things in this country that we have still to decide what nationalisation is for. The older state-owned industries have been around for thirty years yet there is no consensus on their role. Should they concentrate exclusively on commercial objectives, or are they there to promote other matters which the government of the day perceives to be in the national interest?

This polarisation of approach is neither false nor academic. A White Paper earlier this year suggested that ministers should have power to issue "specific directions" on matters affecting the national interest, and the Cabinet is now considering whether there is room for such a Bill in the programme for the coming Parliamentary session.

Those who favour specific directions do so for varying reasons. What might be called the interventionist school believe, in the language of the White Paper, that "It is wrong in principle that a minister cannot statutorily intervene in specific matters of major importance subject to the approval of Parliament." The neutrals see intervention as inevitable and want to bring it out into the open and so make clearer the respective responsibilities of board and minister.

The anti-interventionists, on the other hand, believe that ministerial intervention should be not only overt but also disciplined. They want boards to have the right to ask for a direction, the statutory instrument embodying it to be subject to an affirmative and not merely a negative resolution in Parliament, the cost of the intervention to be mutually agreed, compensation to be paid automatically rather than at ministerial discretion and they want it to be borne on the sponsoring department's vote rather than subsumed in the board's financial target.

Safeguards

In the industries concerned, opinion is broadly divided between the neutral and anti schools. Some believe that the change would encourage more intervention, unless the safeguards (as to compensation and Parliamentary procedure) were made stronger than those attached to a similar provision in Mr. Wedgwood Benn's stalled Electricity Bill.

Others see a danger in too formal a procedure. It would rarely be used. Ministers would prefer to go on twisting arms in private. There is substance in both reactions, which suggests that the question we really have to ask ourselves is why do ministers intervene?

The formal answer of course is because the boards are responsible to ministers who are accountable to Parliament. But why should the system be so arranged as to preserve for ministers the option of having the final say on such matters as investment, technology, prices, organisation, and purchasing?

It is not simply because, to cite the White Paper again, the government "must be concerned in the strategies, and operational decisions of public importance, of industries which are basic to the national economy." There are basic industries which are not nationalised. Nor is it because politicians and civil servants are better at making decisions or are more far seeing.

The answer lies in the way the industries were set up. Herbert Morrison's public corporation cannot be given the freedom of a GKN or GEC, or even a BP, Ferranti, or Renault. It does not compete for capital on the market: it gets it (at subsidised rates) from the Exchequer. It cannot go bust or be taken over.

In many cases a ring fence was drawn around an entire industry or service so that within the ring monopoly prevails. This does not mean that market pressures, from other goods or services or from imports, are lacking. But it does mean that major decisions are centralised—thus increasing the consequences of error. It also means that the boards' role as large employers or as suppliers to the final consumer has come to be regarded as politically sensitive.

Reduced

So long as this is so, Ministers will want to interfere. Specific directions could help to regularise minor isues, like holding up a steel works closure or hastening a power station order. But on the bigger issues, objectives are likely to remain confused and accountability blurred. Those who believe that the opportunities for intervention should be reduced, who want to see the boards operating exclusively on commercial lines rather than serving the political whim of the moment, and who believe that centralised decision-making can have even more disastrous results when it is politicised, must look first at the way the boards are set up.

This does not necessarily mean that state ownership can never be made to work. In the BP (one could say the Renault) solution, it might be made to work. In the "public corporation" solution, business decisions will invariably be caught up in the politicians' apron-strings.

High tide on the Bordeaux coast

WINE

BY EDMUND PENNING-ROWSELL

THE GIRONDE and its tributary, the Garonne, are tidal as far up as Bordeaux, and so are the affairs of this largest fine wine region in the world. Three years or so ago the tide was at low ebb, leaving some parts distinctly high and dry: no good situation for those living by wine. But the tide began to turn with the excellent, if short, 1975 vintage. Since then, sales have risen sharply, as have prices, and after two small vintages out of three stocks are now at their lowest since 1973. The tide is running dangerously high, but in the near future it is not flood but drought that threatens, and if the current vintage does not produce something like 2m hectolitres of *appellation contrôlée* red bordeaux, matters look like being very difficult.

This still hangs in the balance, owing to an abnormally late vintage for the second year running, after a late, irregular, and drawn-out flowering of the vine and a summer as miserable as ours until the middle of August. Since then, two months of exceptionally fine and scarcely-broken weather have saved the crop. This indeed happened last year, but even then the grapes were not ripe and many of the '77s today retain the bitter taste of unripe fruit. No one has been expecting *une grande année* for 1978, but only a catastrophic change of weather in the last days of a vintage due generally to end about the time this article appears, could prevent it from being superior to last year.

The quantity will not be known for another month, however, and an objective estimate of the quality not until after the winter.

Good quantity, allied of course with attractive quality—such as that of '62, '67 and '71—is the most important consideration this year. For the principal concern of the trade is not, as some may believe, the superior châteaux wines, but those which provide its bread-and-butter: Bordeaux Rouge, Bordeaux Superieur and the Côtes wines, including Bourg and Blaye. These account for well over half the average AC red wine harvest, and are the flag-bearers of Bordeaux throughout France, particularly Bordeaux Rouge, the Sunday *déjeuner* tipple of many a family, especially in Paris and the north. Its great rival, however, is Côtes du Rhône, and there is a continuous running battle between the two, based on price. There was a nasty period for Bordeaux in the 1971-73 boom years, when the Rhône rival was the cheaper. But since 1976 Rhône prices have advanced much more than Bordeaux's, to the benefit of the latter. This year, however, the position is again reversed and there has been a sharp fall in Bordeaux's domestic red wine sales.

This summer, Bordeaux Rouge prices have been not far short of four times higher than in the admittedly very depressed days of 1974, when they were as low as FFr 1,200 per *tonneau* (=100 dozen bottles). They have now reached something like FFr 4,600. Even at FFr 4,000 this means a supermarket shelf price of about FFr 9 a bottle for a pretty basic claret.

It was to diminish this switch-back situation, in which the small growers were making no sort of a living at one moment and then finding their produce pricing itself out of the market at another, that the trade body, the Conseil Interprofessionel du Vin de Bordeaux (CIVB), two years ago organised the "Bordeaux Contract," which with official support fixes minimum and maximum prices for generic wines such as Bordeaux Rouge, Médoc, St.-Emilion, Entre-Deux-Mers and Sauternes. A year ago the price for Bordeaux Rouge was settled at FFr 3,200-3,800 per *tonneau*, which with a 10 per cent tolerance allowed either way, meant a top figure of FFr 4,200.

However, difficulties were encountered this summer owing to shortage of stocks of this basic wine—for higher prices were vetoed by the CIVB, which has to sanction all contracts. This problem was temporarily resolved at the beginning of last month when a bonus of FFr 400 per *tonneau* was given by the CIVB to the growers, while the merchants paid only the authorised FFr 4,200. This speedily released 30,000 blocked hectolitres onto the market. It also released angry criticism from some, though not all, of the merchants, who resented this official intervention in the market. Whether this small operation was successful is arguable, but memories in Bordeaux must be short if the last violent swings of the price pendulum have been forgotten.

In any event, it is interesting to note that, counting on a bigger crop, the CIVB is almost certain, in a few weeks' time, to leave unchanged last year's price levels, except for St.-Emilion and some white wines, for which demand has proved higher than expected. The prospects for an adequate white wine crop, following last year's smallest one for 30 years, are not bright.

Although the Bordeaux growers may face internal competition, the Italians and Spaniards who threaten them in the U.S. and UK are almost non-starters in France.

The export business has also been extremely buoyant. True, in the campaign year that ended on August 31, the volume shipped abroad was down by 11 per cent. Yet, owing to a reduction in the EEC subsidy on cheap wines, this was attributable to the halving of German purchases in a sector of which they are by far the biggest foreign buyers. Total Bordeaux exports were up in value by 28 per cent. to FFrs. 1.273bn; and the UK has been recovering in the last two years its important position. In 1977-78 we imported two-thirds more by volume than in 1975-76, and value was almost doubled at FFrs 178m. In quantity we bought even more than the U.S., but rather less in value, chiefly because the Americans buy entirely in bottle, whereas 40 per cent of our imports are still in bulk.

Looking to the near future, it is too early to estimate the trend of prices for the still unmade 1978s. But if the quality is reasonable, the superior château wines are likely to cost up to 10 per cent more than the 1977s. This could reinforce the argument for us consumers buying the 1976s, now nearly all in bottle and beginning to appear on merchants' lists here. When I was in Bordeaux they were difficult to taste, being out of condition after bottling.

But it seemed clear that they are agreeable, well-balanced wines which will develop faster than the harder, tannic and often tough 1975s. Whether they are as good as the previous vintage is a matter for argument in the future.

Maid and Canyon set strong challenge for U.S. prizes

RACING

BY DOMINIC WIGAN

ENGLISH RAIDERS have had a comparatively lean time of late in the United States, but it is not beyond the realms of possibility that two of that country's big prizes, the Washington DC International and the Colonial Cup, will fall to our challengers in the next few weeks.

Swiss Maid, the not altogether unexpected winner of the Champion Stakes, will almost certainly bid to extend her winning sequence to five in the Laurel race and Grand Canyon will definitely be saddled for the Colonial Cup at Camden. Both should run really well.

The Welsh Pageant filly Swiss Maid has improved by leaps and bounds since mid-summer, and a quick glance at the form book will tell anyone fairly accurately by just how much. All out to beat Spring in Deepsea by three-quarters of a length when receiving 10 lb in Kempton's Twickenham Stakes only eight weeks ago, Swiss Maid proved herself more than a match for Hawaiian Sound, even taking the sex allowance into account, on Saturday.

It is, therefore, arguable that had Paul Kelleway been able to get the best out of his formerly stalls-shy and far from confident filly earlier in the season, she might have given the colts more than a tussle in such races as the King George VI and Queen Elizabeth Diamond Stakes.

A handy, well-balanced individual, Swiss Maid will have no problems in handling Laurel's exceptionally sharp and, to my mind, far from satisfactory circuit.

Grand Canyon, in contrast a bold and sometimes tearaway individual, could hardly have done his job better after a year's lay off due to splint problems in Kempton's Elton John hurdle. Making all his own running, the Derek Kent eight-year-old, who has finally learned to settle in the hands of Peter Haynes, never looked like being caught and passed the post with four lengths in hand.

The winner of the Colonial Cup two years ago, Grand Canyon is certain to make a bold bid for a second triumph provided that his legs stand up to the necessary preparation for such an exciting task.

He will have one preliminary race (not yet decided upon) and will probably be ridden by his intended Camden pilot, former champion Ron Barry.

The final figures for Newmarket's Houghton yearling sales showed that 464 yearlings changed hands for almost exactly £10m. The average per lot—21,121 gns—showed an increase of 49 per cent on a year ago and the aggregate was up by nearly as much.

Incidentally, for anyone still reeling under the impact of some of the figures there, it is worth remembering that the comparable sale in the U.S., the Keeneland July, produced an average of over $120,000 per lot; and recent Federal Government figures estimate investment for the U.S. in bloodstock, studs and race tracks at approximately $9bn.

SANDOWN

1.30—La-Don
2.00—Red Rufus***
2.35—Connors
3.10—Taffy
3.40—Nicoletta**
4.10—Rectitude*

TV/Radio

† Indicates programme in black and white

BBC 1

9.38 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Felix the Cat. 4.25 Jackanory. 4.40 The Space Sentinels. 5.00 John Craven's Newsround. 5.10 The Record Breakers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 David Essex (London and South-East only).
7.20 James Burke's Conections.
8.10 Dallas.
9.00 News.
9.25 Play for Today: Victims of Apartheid by Tom Clarke.
10.45 Tonight.
11.25 Roads to Conflict.
11.50 Weather/Regional News.

All Regions as BBC1 except at the following times:

Wales—10.00-10.20 am I Ysgolion. 5.55-6.20 pm Wales Today. 6.50 Heddiw. 7.10 Pobol y Cwm. 7.40-8.10 It Ain't Half Hot Mum. 11.25 Dechrau Siarad. 11.50 News and Weather for Wales.

Scotland — 9.38-9.58 am For Schools. 5.55-6.20 pm Reporting Scotland. 6.50 Tom and Jerry. 6.55-7.20 Ballad Folk. 10.45-11.25 Tuesday Night. 11.50 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 Foyle Festival '78. 11.50 News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton): Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) The Golden Opporunity Show: Midlands (Birmingham) Search for Excitement; North (Leeds) Lifelines; North East (Newcastle) Tuesday North; North West (Manchester) Sit Thi Deawn: South (Southampton) The Brain Game: South West (Plymouth) Peninsular; West (Bristol) Day Out.

BBC 2

10.30 am Working for Safety.
11.00 Play School (as BBC1 3.55 pm).
2.30 pm Tecair Ltd.
†3.00 Film as Evidence.
3.30 The Living City.
5.15 Open University.
6.55 News on 2 Headlines.
7.00 Digame.
7.25 News on 2.
7.30 One Man and His Dog.
8.00 One More Time!
8.30 Roots of England.
9.00 Roots.
10.30 Floodlit Rugby League for the BBC2 Trophy.
11.15 Late News on 2.
11.25 The Old Grey Whistle Test.
12.05 am Closedown (reading).

LONDON

9.30 am Schools Programmes. 12.00 Chorlton and the Wheelies. 12.10 pm Stepping Stones. 12.30 Treasures in Store. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from Sandown Park. 3.50 The Sullivans. 4.20 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Botanic Man.
7.30 Fantasy Island.
8.30 The Upchat Connection.
9.00 Whicker's World: India.
10.00 News.
10.30 Memories.
12.00 Lou Grant.
1.00 am Close: Katherine Cornell reads a poem by Elizabeth Barrett Browning.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia. 7.00 Survival. 12.00 Police Surgeon. 12.25 am I believe.

ATV

1.20 pm ATV Newsdesk. 3.50 The Electric Theatre Show. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 12.00 Something Different.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 5.15 Jonny Quest. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 12.00 Ski-ing With Gina. 12.25 am Border News Summary.

CHANNEL

1.13 pm Channel Lunchtime News and What's On Where. 1.25 West At 1.30. 5.15 Mr. and Mrs. 6.00 Report At Six. 7.00 The Best Of The Muppets (Ethel Merman). 10.28 Channel Late News. 12.00 Pro-Celebrity Snooker. 12.40 am Commentaires et Previsions.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.10 Country Focus. 7.00 Botanic Man. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 12.00 Kodiak.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Botanic Man. 7.00 Three Little Words.

HTV Cymru/Wales—As HTV General Service except:— 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Dim Ond Heddiw. 11.00 World In Action. 11.30-12.30 am Moynihan.

HTV West—As HTV General Service except:— 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem. 7.00 Emmerdale Farm. 12.00 Late Call. 12.05 am The Big Break.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day including Southsport. 7.00 Emmerdale Farm. 12.00 Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Mary Tyler Moore Show. 7.00 Emmerdale Farm. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.25 West at 1.30. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 The Best Of The Muppets (Ethel Merman). 10.28 Westward Late News. 12.00 Pro-Celebrity Snooker (Canadian Club Trophy). 12.40 am Faith For Life.

YORKSHIRE

1.20 pm Calendar News. 5.15 You're Only Young Twice. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm.

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.30 Folk '78 (S) (joins Radio 2). 8.30 As VHF. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 3.55 pm Good Listening. 8.30 Tuesday Night Is Gala Night (S) (continued from Radio 2, 8.02). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 On The Third Beat (S). 7.30 Folk 78 presents Boys of the Lough in concert (S). 8.02 Tuesday Night Is Gala Night (S) BBC Radio Orchestra on Broadway (continued on VHF and Radio 1). 8.30 Boxing Special. 10.02 The Frankie Howerd Variety Show. 11.02 Peter Clayton introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Fauré (S). 10.05 Lake District Festival 1978, part 1 (S). 10.40 In Short (Talk). 10.50 Lake District Festival, part 2 (S). 11.40 The Part-Song Repertory (S). 12.15 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom part 2 (S). 2.15 Music At St George's, Bristol (S). 3.10 Master Cellists (S). 4.20 Liszt On Pilgrimage (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Debussy at Carnegie Hall. 7.30 "Jenufa." Opera in three Acts by Janacek, Act 1 (S). 8.15 Cubism And Reality: Kant v Nietzsche (talk by John Nash). 8.35 "Jenufa." Act 2 (S). 9.25 The Cold (short story). 9.45 "Jenufa." Act 3 (S). 10.25 The Prelude. 10.55 Brahms and Enesco piano recital (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Sketches From A Hunter's Album. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Let's Talk About Me. 12.00 News. 12.02 pm You And Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Vanity Fair (S). 4.00 News. 4.05 Gardeners' Question Time visits Cornwall. 4.35 Story Time. 5.00 pm News magazine. 5.55 Weather, programme news. 6.00 News. 6.30 I'm Sorry I Haven't A Clue (S). 7.00 News. 7.05 The Archers. 7.20 File On 4. 8.00 The Countryside in Autumn. 8.45 The Defect. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Jason Explanation Of War (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.30 Late Night London. 12.00 Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

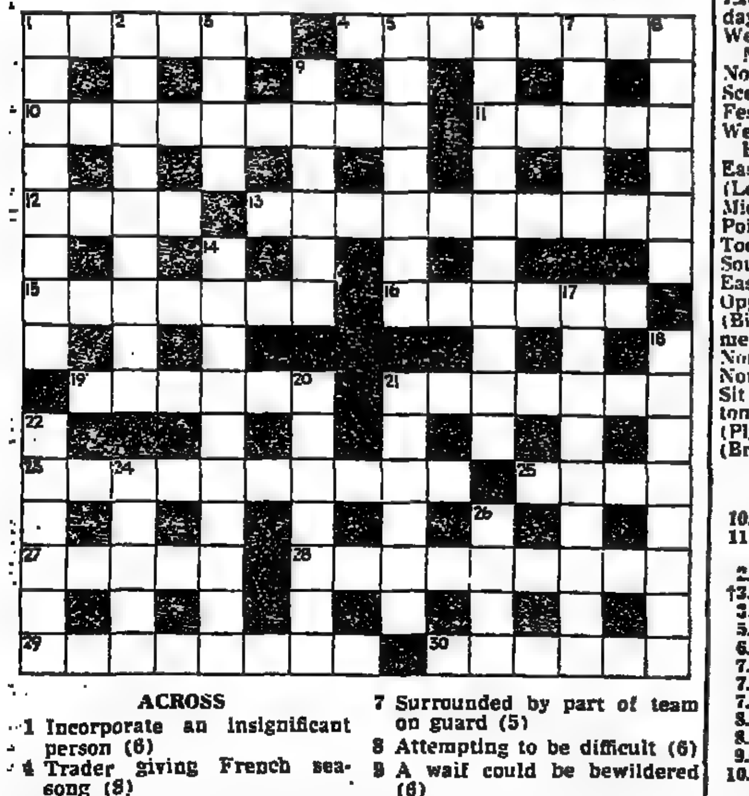
5.00 am Morning Music. 6.00 A.M.: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 pm Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,804



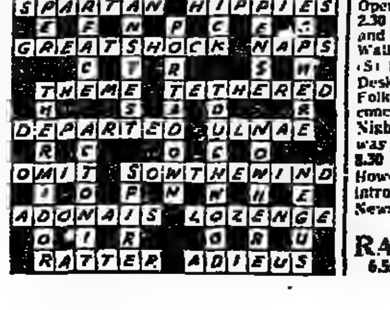
ACROSS

1 Incorporate an insignificant person (6)
4 Trader giving French sea-song (8)
10 Tormentor is to sit back and take a long drink outside (9)
11 Madman is only upset about nothing (5)
12 Lyric from the north could be swelling (4)
13 Training for burglary (8, 2)
15 Cheerful about copper appearing in newspaper? (7)
16 Horn from hybrid lank ox (6)
19 Tell what a schoolchild is (6)
21 Cursed final one in plot (7)
23 Swarm o' insects? That's not true! (4, 2, 4)
25 Fitting, we hear, for measure (4)
27 Strict but is free to accept soldier (5)
28 Theoretical explanation could be to restrict the supply of beer (9)
29 Tolerating finish round old city (8)
30 Menace that includes soldiers (6)

DOWN

1 Steal title or soubriquet (8)
2 Trade-name on metal could be a marker (5-4)
3 Time for an appointment (4)
5 Set aside for a particular purpose and it may need 2 (7)
6 Knock off, for 24 hours say! (4, 2, 1, 3)
7 Surrounded by part of team on guard (5)
8 Attempting to be difficult (6)
9 A waif could be bewildered (6)
14 Incorrectly arranged and in need of repair (3, 2, 5)
17 Bent on promotion in manufacturing (2, 3, 4)
18 Follower has to stick to the book (8)
20 Daily round that was no fun for some during the war (4-3)
21 Inspiration for soldiers in Bath (6)
22 Thinly scattered fish in the south-east (6)
24 Caught and got older when penned in (5)
26 Bludgeon that should make company keep quiet (4)

Solution to Puzzle No. 3,803



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STUDIO 1 and 4 Oxford Circus. 437 3300. 1 Jill Clayburgh, Alan Bates, in Paul Mazursky's An Unmarried Woman (X). Progs. 1.05. 3.30. 6.00. 8.35. Lte. show Sat. 10.50. 4 Agatha Christie's Death on the Nile (A). Sep. perfs. dly. 2.15 5.15 8.15. Lte. show Thurs., Fri., Sat. 11.15. Seats bkble.

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هكذا من الأصل

Festival Hall

Lawrence Foster

by RONALD CRICHTON

Memory insists that when the First Symphony of Shostakovich first became familiar through the pre-war Stokowski recording the impression, though considerable was cool. Deep melancholy and wryly playful, half-inconsequent humour wore a smile now and then, but a thin one. Experience was objectively recorded, at a slight distance. Perhaps a live performance under Stokowski would have had a different effect, yet those records worked powerfully on their own terms and they left their mark.

The performance by Lawrence Foster and the London Symphony Orchestra which filled the second half of their Sunday night concert did leave a different impression. It seemed, by comparison with those early memories, much more subjective. The music (except perhaps for the last movement, which did not hang together) will stand it, yet one suspected that hindsight, with knowledge of later symphonies Shostakovich was to write, where things—points of colour and transparent but not flimsy textures—here only hinted at were to be more confidently and thoroughly handled, was playing too great a part. It did indeed sound a young man's music, but not quite this young man's.

Mr. Foster has a feeling for the lean sounds Shostakovich already loved, which even at that early stage could already suddenly go red-hot and furious. But though the LSO gave him eloquent playing, in the slow movement especially, the elasticity of his phrasing, which ought to have appeared as a virtue, too often sapped rhythmic outlines and prevented total clarity. One other thing was missing from this worthwhile if not altogether convincing reading. The score usually suggests that Russian music, hitherto intimately bound up with country sights and sounds, has come for better or worse into the big city—grime, wet streets, raincoats and all.

Before the symphony, Ashkenazy was soloist in Beethoven's Fourth Piano Concerto. Much intense poetic feeling, not enough limpidity. The Andante was very fine, but this (well, except for the cadenza) can usually look after itself. The framing movements are more elusive. The finale on Sunday was hard-edged almost to the point of petulance: some of the glinting lights of the mercurial interchanges between piano and orchestra were thereby dimmed.

At the beginning the London Symphony Chorus joined their colleagues for the *Song of Destiny* of Brahms. Very well they sang it, though the tone was on the bright and open side for this veiled music. Clearer words would have helped (they always do) especially since the programme grotesquely failed to print Hölderlin's poem either in German or English. The restrained and not at all foolproof orchestral part was most sensitively drawn, the timpani strokes touched in by Kurt-Hans Goedicke with admirable finesse. Perhaps another season Mr. Foster and these artists will do a rescue job on Brahms's underrated cantata, *Rinaldo*.

Purcell Room

Donizetti da Camera

by ELIZABETH FORBES

Donizetti wrote a large amount of chamber music, but most of it dates from his apprentice years, when the composer was in his teens and early twenties. Later, of course, the opera house claimed his full attention, and there was rarely time for anything else apart from a certain amount of non-theatrical vocal music. Sunday night's concert in the Purcell Room, presented by the Donizetti Society and given by Redbridge Young Musicians, included a string quartet, No. 5 in E minor, which is a respectable attempt at the form, as one would expect from the pen of a pupil of Giovanni Simone Mayr, but which has little individuality apart from the melodic line usually given to the first violin. Much more interesting and original are a sonata in C for flute and piano, a sonata in F for oboe and piano, and a sonata in G for flute and harp. All these short, two-movement works are adroitly written for the respective wind instruments, while the dialogue for flute and harp has both invention and elegance. Even finer, the trio for flute, bassoon and piano with which the concert ended shows signs of the unerring sense of balance that Donizetti early always evinces in his vocal ensembles. Solo piano music was represented by three concert waltzes, pleasant but uninspired apart from a foretaste of *Don Pasquale*; some piano duets do not rise above the level of student exercises.

The vocal music in the programme was presumably chosen to illustrate Donizetti's versatility rather than his achievements. A Lullaby for soprano and a Neapolitan song for baritone, though conventional, have the authentic and unmistakable style of the composer. A drinking song from Byron's *Corsair* for soloists and male chorus is little more than an oddity, while a women's chorus from the cantata *Il Fausto ritorno* lacks particular interest; but an *Ave Maria* for soprano (Julia Wilson), chorus and strong sextet does contain some excellent ideas. The performers, former or present students at Redbridge Music School, plus members of the teaching staff, were well rehearsed. Roderick Elms, who accompanied the songs and played the piano parts in the sonatas and trios, deserves special mention.

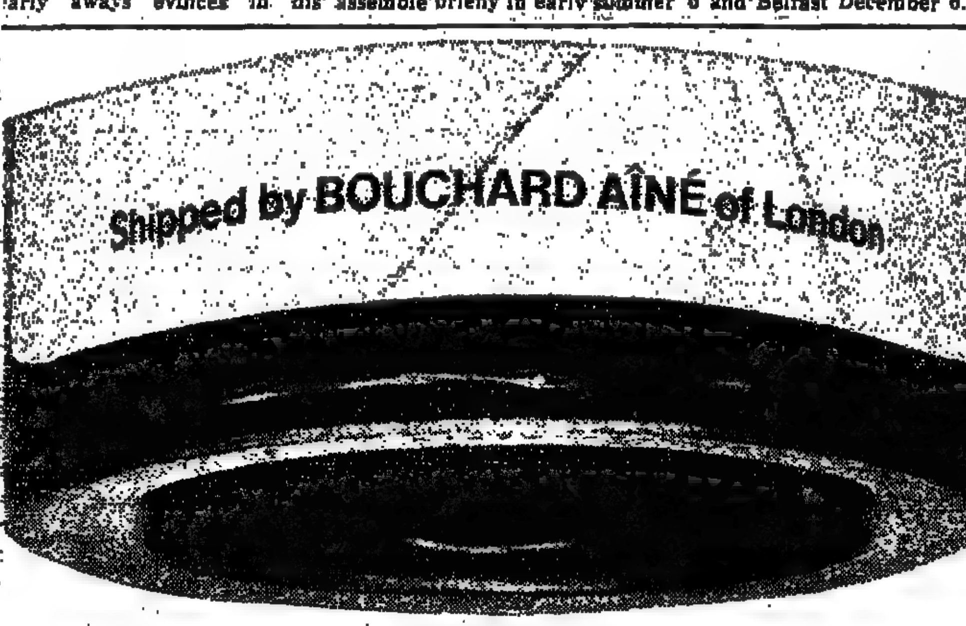
IBM to sponsor European Community Youth Orchestra

IBM is to sponsor the European Community Youth Orchestra for its 1979 tour of Europe which will include major summer music festivals.

The orchestra, which made its debut this Easter, played at eight of the nine EEC capitals. Copenhagen, which was omitted, is included in the 1979 tour which begins in Italy on August 8. In 11 days the orchestra will play in eight countries.

The 120-strong orchestra will assemble briefly in early summer to play at Strasbourg during the celebrations for the direct elections to Europe in June. Musical director Claudio Abbado will conduct the musicians who are aged from 14 to 21 years.

National auditions will be held in December in each of the nine EEC countries with the finals in January. Preliminary British auditions will be held in London on December 1 and 2, Cardiff December 3, Manchester December 4, Glasgow December 5 and Belfast December 6.



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Waddington & Tooth

Ben Nicholson's recent work

by WILLIAM PACKER

A Ben Nicholson exhibition is always an important event, especially so within the narrower context of the British art world that he has bestrode for so long; and a show of new work that fills the walls of perhaps our most energetic dealer in contemporary art cannot but be noticed. The fact, too, that our most senior and distinguished painter should remain so conspicuously active at the age of 84 provides an inspiriting example. But the very knowledge and recognition of a long lifetime of achievement also impose upon us a certain obligation to take the work seriously, whenever it was done, and to judge it by the highest standards, standards indeed that the artist has both worked to, and helped to establish. The work is the work is the work, and sentiment and human interest, no matter how naturally and understandably obtrusive they may be, should never be indulged to blur the issue, and allowed to excuse the second-best.

The show now at Waddington and Tooth (until November 4) is undoubtedly fascinating, but it is equally and worryingly disappointing, not least for the insidious double-standard it so innocently and disarmingly appears to live by: a Ben Nicholson, it would seem, is a Ben Nicholson, is a Ben Nicholson, and above criticism. It is a hard thing to say of an old man's work, and it is precisely because it has been so good in the past, even into the very recent past, that we must be so firm. But these last drawings simply are not very good, certainly not as good as we had hoped they might be and the circumstances of the show inevitably suggest they are. The line is now weak, the imagery is a curious and sad pastiche of old success, the edge has gone from that consummate, particular style. With less gifted and important an artist we could afford to be more generous.

Artists rarely develop, change direction and fail away at a steady rate; and the failings and disabilities that come with age are sometimes in themselves, through the struggle they force upon the individual, the agents of actual greatness. As much is true of Monet, for example, and perhaps of Renoir, too, for those awkward late works are due a serious re-evaluation, but not of Picasso. But Nicholson's work has never been about physical struggle, about the fight to realise the image, to resolve pigment and surface with the imagination, nor has it been about facing the possibility of failure.

On the contrary, his has ever been a mandarin art, an equisitely judged and refined response as much to other art as to direct experience and sensation. The visible world has supplied his material, of course, but he has used it coolly and reflectively, never passionately, concerning himself rather with finesse and elegance of line and touch, and a wry and thoughtful particularity of image.

He was never the innovator, but always the master, as it were, of the second wave, following up with commendable speed, consolidating and probing the position with great skill and acumen, and thus in practice exerting much real influence—the good general, after all, is not usually expected to lead the forlorn hope. The sheer quality of his work from the very start of his career, and the early and lasting commitment to the modern movement, bespeak the certainty of his vision, and the confidence and soundness of his judgements.

And, starting out secure in the knowledge that every mark will count, every curve be just so, every line work, every wobble, smear and rub and scrape be accepted and used, and intention claimed, as indeed until so very lately has been demonstrably true and perfectly reasonable, when these things do at last begin to go wrong, the work can only fail.

Ben Nicholson's 'Still Life with Purple and Venetian Red'

The drawings that make up the substance of this show are small, some tiny. Apart from two or three made in Italy a few years ago, and a handful made last year in the north of England—landscape drawings that reflect consciously but palely upon his work of more than 50 years ago—they are the fruits of a remarkable burst of activity over a month or two earlier this summer. The subjects treated are landscape again, and still life, the familiar groups of jugs and pots, their decoratively wonky profiles overlaid, one upon another, with abstraction improvised upon the shapes they make together; and the few landscapes here are of the kind that came out of Cornwall some 40 years ago, the simple blocks of cliff and hillside mapped out against the sweep of the sea and sky.

Nicholson has made such things many times before, but there is no rule that demands something fresh every time: indeed what is different now is what is to be regretted. He has worked these drawings with a fibre pen, an unforgiving tool that exacts the stiff price of sensitivity and subtlety for its own undeniable speed and convenience. They are presented preciously, and most effectively, the paper curling away nicely from the mount, showing off the clean curves where each page has been knifed freely from the block: but the images thus carried are now crude and arbitrary, at best decorative repetition of a tested and now easy formula. The line has lost its fine and crisp authority, and the once so delicate smears and washes of colour have become sad and desperate scrubs and blobs.

The best things to be seen are some half-dozen of the shallow reliefs, again a strain in his work that has continued since well before the war, and which constitutes in some eyes his most significant personal achievement. They are all commanding works, and all made within these past few years; and tacitly they rebuke the bright graphics that share the room. Only in the shortest term, however, is an artist only as good as his latest work. It may be that we see the Beau today with his collar frayed, but in time that memory will become unimportant. The pity is that such a show as this need not have happened: without it this commentary would be unnecessary.

Rachel Cook, Thomas Lawlor and Judith Rees in 'Cinderella' — Leonard Burt

Sadler's Wells

Cinderella

by NICHOLAS KENYON

No not the Wells Christmas Panto. This is Rossini's *La Cenerentola* translated with Gilbertian wit by Arthur Jacobs, in the 1976 production by Colin Graham which has turned out to be the English Music Theatre's most reliably enjoyable presentation. This "comic melodrama" has been seen in each of the company's three seasons, and in the latest revival (directed by David Walsh) the cast is exceptionally strong, the acting is lively, and only the orchestral and visual aspects—particularly Roger Butlin's white revolving wedding-cake of a set—seem a little loose at the joints.

In Rossini, intensity of feeling and uprightness of character are in direct proportion to elaborateness of vocal coloratura; so in this respect it is appropriate that Ann Murray as the fireside heroine should outshine everyone with the warmth, feeling and sensational brilliance of her singing. Clearly born to be a Princess, she is a model of cast-down dignity when faced with the pretentious posturings of her step-sisters (Judith Rees and Rachel Cook, Bitchy but not, in this version, especially Ugly) and the blustering drunkenness of Don Magnifico (a performance of splendidly sustained venom and unctuousness by Thomas Lawlor).

Similarly, no one could be fooled by the attempts of Dandini (a baggardly pre-Raphaelite Russell Smythe) at princely impersonation: Ian Caley's Don Ramiro reveals his true colours in his first flood of emotional semiquavers. It is quite wrong to let him embrace Cinderella so tenderly at their first meeting—there is precious little tension and uncertainty in this cheerful opera, and the resolution should not be so obvious in the middle of Act 1. But Mr. Caley matches well the strength and clear articulation of his beloved's singing, though it is in the central *cantilena* of his big aria that he makes the finest sound.

Donald Stephenson playing the Prince's Tutor disguised as a beggar, has every hair, almost as neatly in place as Robert Powell did as Zefferelli's Christ, and the attendants are an unconvincingly bland collection of male voices. The grand ball is a somewhat restrained affair, with only ice-cream to eat (off portable tea-trollies) and a mere three girls for the Prince to choose from: Arts Council economy, no doubt. David Parry, conducting, controls the proceedings and follows his excellent singers with brisk precision, but does not succeed in capturing that authentic Rossinian shimmer and sparkle which would turn this show into a really distinguished musical evening. But its fun, and well worth seeing: performances with a new cast tomorrow and Friday.

*

The runaway success of *The Beggar's Opera* in 1728 encouraged many similar compilations of popular tunes, with words re-written to fit into plots which made fun of operatic convention. The Village Opera Company revived one such piece, Charles Johnson's *The Chamber-Maid*, for the first time since 1730, giving two performances at Hampstead's tiny New End Theatre on Sunday and last night.

Jenyth Worsley's unpretentiously effective production was made possible, the programme said, by "Women's Project '78" appropriately enough, since it's the women who pull all the strings in this absurd little story of cross-class love and mistaken identity. Betty the chambermaid dominates the plot—and the performance, since Gillian Jason has more poise and more voice than those around her. But her adoring young noble lad (disguised as Colin the gardener) is richly sung in travesty by Christine Batty, and Lucie Skeaping as the hard-done-by Rosella also has some lovely tunes.

In 1730, each number would doubtless have been greeted with gleeful recognition by the audience; we can only latch onto a couple of familiar Purcell airs, and relish the innocent charm of the rest. Considering how arch and unfunny this sort of charade can be made to seem, the fast-moving production is a real achievement, and includes one genuinely funny creation by Tony Aitken as the servant Brush (impersonating the noble suitor)—a Marty Feldman Uriah Heep with a touch of Alan Bennett. Peter Holman directs a lively trio of instrumentalists.

Covent Garden faces deficit

As usual the annual report of the Royal Opera House, Covent Garden, released yesterday, was dominated by financial problems. For the first time for years there was a deficit at the end of the financial year—of £376,000, which was only slightly relieved by the payment of a bad debt following an American tour. Another deficit seems certain for the current season.

Although the financial difficulties are having a depressing effect on current productions and future plans, the chairman, Sir Claus Moser, is confident that public opinion, and the Government, is slowly moving towards more subsidy for the arts, and especially for Covent Garden.

In comparison with its overseas competitors it does badly in terms of aid, and the £5.5m it is receiving from the Arts Council in 1978-79 is £600,000 less than its requirement. Sir Claus reckons that Covent Garden needs a 35 per cent increase in its grant and is hopeful that, before calamity strikes, the extra cash will be forthcoming.

The economies are already apparent in the comparative cheapness of recent productions—*Lohengrin* cost only £51,500 to stage and *The Ice Break* £57,000. Even *Die Fledermaus* cost less than £100,000, half the average investment in a new opera at the Met. in New York. The difficulty for Covent Garden is that its plans stretch many years ahead while it only knows its subsidy just before the start of its financial year.

Although there has been a growth in corporate sponsors they still account for just 3 per cent of income; only the Government can ease the persistent cash worries. And only the Government can provide the money to ensure the building of facilities such as rehearsal rooms. A.T.

Elizabeth Hall

Radu Lupu

by DOMINIC GILL

Radu Lupu's Schubert recital on Sunday, his first solo recital appearance in London for a long time, was the first of a cycle of six between now and December 14 embracing not only all of the piano sonatas which Schubert completed, but also all those he "left unfinished with a complete first movement, or left so nearly complete that the missing bars can be supplied with little controversy"—in effect, 20 of Schubert's 23 sonata projects listed in total by Maurice Brown.

The performances showed little sign of the affectation which had sometimes marked Lupu's playing—particularly his Schubert playing—in the years after his success at Leeds in 1969: the sugared rubato, the sudden dying-away at the ends of phrases, the deathly-sweet sighing of *sotto voce* triple-pianissimo. On the contrary, the performances were notable from first to last (or *almost* to last) for the simple but precious virtues of economy and lucidity, for clarity of balance and shape, and for an admirably forthright and uncompromising manner.

The programme consisted mainly of rarities: the earliest of the three A minor sonatas D537 dating from 1817, rich with bold Schubertian trademarks, sudden dramatic caesuras, broad flights of melody, its slow-movement theme identical to that of the finale of the great A major D959. Lupu also gave us two of the three unfinished C major sonatas: D840 of 1825, Schubert's first essay in epic piano writing, a fascinating and eventually doomed conception full of reflections of the A minor sonata D845 (which occupied him at the same time), and in its first movement a dramatic pre-echo of the B flat sonata D960; and the C major D613/612 of 1818, except for its harmonic daring oddly un-Schubertian, more in the nature of a salon *esquisse*, a delicate improvisation, but always of the greatest vitality and wit.

The little A flat major sonata D557 of 1817 is a charming essay in neo-Mozartian manners, whose finale was the model for the far more polished and brilliantly integrated finale of the little A major D664 two years later. Reservations came to the fore only in Lupu's account of the greatest and best-known sonata of his programme, the A minor D784 of 1823: how to explain, in the first movement, his curious avoidance of all of the broadest contrasts, and his nonchalant treatment of most of the clearly-marked dynamic accents which give spring and variety to the rhythms? And how indeed is it possible for a committed Schubertian to allow so small a difference (and sometimes no difference at all) between the wonderful and ubiquitous contrasts of plain *piano* and *ppp con sordini*? It will be interesting to see how Lupu scales the heights of the later sonatas in his ambitious series.

Camden Jazz Week at the Round House

The Camden Jazz Week will be held from October 30 to November 4 at the Round House, Chalk Farm and will feature a mixture of British and American musicians.

On opening night there will be the London Jazz Big Band, the Humphrey Lyttelton band and Wild Bill Davison's All-Stars.

Tuesday evening will be devoted entirely to the Mike Gibbs orchestra, a concert which is part of its tour for the Contemporary Music Network.

The National Youth Jazz Orchestra and the Bebop Preservation Society will be the Wednesday attractions.

On November 2 the accent will be on avant-garde jazz with the trio of pianist Howard Riley, and the duo of American trumpeter Lester Bowie.

Tenorist Joe Henderson and his quartet plus Johnny Dyani's Witchdoctor's Son are Friday's featured groups.

The closing concert on Saturday, which starts at 7 pm, as opposed to 7.30 for the others, has three groups: Ian Carr's Nucleus, Barbara Thompson's Jubiaba and Turning Point.

The London Borough of Camden are promoters of the Jazz Week in association with the Jazz Centre Society.

Heather Harper returns to Belfast

Soprano Heather Harper, who was born in Belfast, will appear at her first public concert in the city for many years next month. She will be singing at the 16th Belfast Festival which runs from November 9-25.

Her concert will be at Queen's University on November 15. She will be accompanied by the RTE Symphony Orchestra which is making its first public appearance in Belfast since the Ulster troubles started.

Dublin-born jazz guitarist Louis Stewart will also appear with the Ronnie Scott group during the festival.

Opera

Editor: Harold Rosenthal

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Not much time for Leyland

MR. MICHAEL EDWARDES, chairman of BL, told union leaders and shop stewards at the weekend that without a sustained improvement in the performance of Leyland Cars over the next six months he would not be able to recommend another large injection of funds from the Government. At the beginning of this year the Government provided BL with £450m of new equity and agreed in principle to make available a further £400m in the period up to 1981. The assumption was that by about April or May of 1979 the company would seek another £300m to finance the heavy investment in new models and new facilities which would be taking place over the next couple of years. But all this was conditional on the company's ability to generate a comparable amount of money out of its own resources. If, through interruptions to output or poor productivity, BL is not generating the cash required, Mr. Edwardes is adamant that the investment programme will be cut back.

Realistic

Mr. Edwardes has shown, in the closure of Speke and in the cancellation of investment at Bathgate, that he does not make idle threats; he is prepared to take drastic action when the circumstances require it. He and his senior managers have a clear idea of what needs to be done if BL is to survive in anything like its present form; the weekend meeting marked another attempt to persuade trade union leaders to take an equally realistic view of the company's present situation.

BL has many other problems besides industrial relations, but Mr. Edwardes is surely right in thinking that radical improvement in this area is a necessary condition for restoring the company to viability. That is why he is devoting so much attention to devising an incentive scheme which will, among other things, discourage unauthorised stoppages. The hope is that a financial reward for higher output, coupled with a general awareness of what will happen to the company if higher output is not achieved, will elicit a change of attitude on the part of shop stewards and employees.

At the same time the management is determined to tackle over-manning. According to some estimates, the company is staffed up to produce well over 1m vehicles a year when its realistic output level is no more than 800,000 vehicles. More redundancies and probably some plant closures are unavoidable.

If these problems of over-manning and low productivity can be approached on an agreed basis, without provoking another serious strike, then there is just a chance that the company can survive. There is no reason in principle why a company making 800,000 vehicles a year cannot be viable, provided it makes them efficiently.

There is obviously a question mark over whether BL, with its somewhat ageing range of models, can retain its present share of the market in the period before the new Mini and later the Allegro/Marina replacement become available. Much will depend on the company's ability to upgrade the quality of the cars it is now producing and thus overcome the reputation they have acquired for unreliability. These are internal weaknesses which must be put right irrespective of any possible collaboration with other companies. Such collaboration might well have advantages, particularly in sharing the cost of major investment projects, but it will not itself ensure BL's survival.

Opportunity

There is no doubt that the arrival of Mr. Edwardes and the management changes he has made have strengthened BL: there is an outside chance that he will turn the company round. What remains uncertain is whether the opportunity which the new management has created will be used by the trade unions and the employees. If progress is constantly disrupted by sectional claims and disputes, like the current refusal to let the company contract out certain engineering work on new models, then the right course is to bring the investment programme to a halt and run the business down. The next six months will be crucial.

Keeping watch on education

THE GOVERNMENT'S recommendations for a new, single 16-plus examination in England and Wales differ in important respects from the proposals to the same end put forward two years ago by the Schools Council, under strong pressure from the schoolteachers' unions. The Council wished the new exam, intended to replace the present dual system of GCE Ordinary levels and the less academic Certificate of Secondary Education, to be teacher-controlled—a scheme which alarmed the Confederation of British Industry's, then, sole representative among the Council's 77 governors.

Revamped

Sensibly Mrs. Shirley Williams, Secretary for Education and Science, refused to hand control of the nation's major school-leaving exam to the schoolteacher interests. She had the proposals revamped by a committee headed by Sir James Waddell which included representatives of employers, trades unions, parents, local education authorities, universities, and colleges as well as members from schools. As a result, yesterday's White Paper (which will not be available to the public until the Stationery Office dispute is settled) recommends that all the above interests should take part in overseeing the—probably—five Boards administering the new exam which Mrs. Williams hopes will be introduced in schools about 1985. Moreover the same mixture of suppliers' and consumers' interests, none of them having a majority, would have charge of a central committee to be established to monitor and co-ordinate the standards and other arrangements adopted by the individual examining Boards.

The offer of shared and strengthened control over standards, coupled with provisions for additional or even separate papers to be taken by candidates of high academic ability, have failed to gain the support of the Conservatives, who have promised to put forward their own proposals on Thursday. As Mrs. Williams was quick to point out, however, the White Paper scheme has the backing of the main local authority associations, both now under Conservative control and one of which believes that educational standards will be improved by the change. The CBI's position on the issue seems to be somewhere between. It accepts the proposals for the single exam in principle, but means to keep close watch over their translation into practice.

Of these positions, the CBI's seems the wisest. A single 16-plus offers administrative advantages, especially as the declining birth-rate will sharply reduce the number of children in the schools. The change also offers educational benefits, not least in relieving the burden of exam-taking on the numerous borderline pupils who are now entered for both Ordinary level and CSE. But these advantages would turn to dust if the change had an adverse effect on children's educational attainments, particularly in the basic skills of literacy and numeracy. The improvement of educational standards is of paramount importance.

Standards

Neither the present nor the proposed examinations directly guarantee standards. But standards can be crucially affected indirectly by the examinations' influence on teaching practices in the schools. The change from School Certificate to Ordinary levels has doubtless encouraged youngsters to concentrate on either all literary or all numerate subjects from an early age. The introduction of CSE has allowed schools to enter children for this easier option rather than invest increased teaching effort so as to fit them for O level. And whatever the potential blessings of the White Paper proposals, they do not rule out the possibility of the single examinations further encouraging the spread of mixed-ability teaching, with its generally levelling-down effect on pupils' attainments.

It is therefore vital that the controlling interests—especially those on the consumers' side—should keep continuous and distinctly sceptical watch on the practical preparations for the new examination. Should the controllers cease to have sound reasons for thinking that the change will have positively beneficial effects on educational standards, the scheme must be abandoned.

The businessman returns to favour in Washington

BY STEWART FLEMING, New York Correspondent



Top men with easy access to the corridors of power: (from left to right) Mr. E. M. de Windt, chairman of Eaton; Mr. Frank T. Cary, chairman and chief executive IBM; Mr. Irving Shapiro, chairman and chief executive, du Pont.

BUSINESS LEADERS in the U.S. are congratulating themselves on the transformation of their political fortunes in the past two years.

One of the last acts of Congress before adjourning for the elections was to pass a $18.7bn tax package which makes major concessions to the large American corporation. The concessions had perhaps even more symbolic than practical significance, for they represented a widening acceptance of basic positions which business has taken on issues like capital formation, productivity, and export promotion.

The tax breaks were only the culmination of a succession of far reaching legislative victories for business. Organised labour's attempts to tighten its powers by securing new picketing laws and a reform of labour law were thwarted. Attempts by consumerists to legislate the creation of a consumer protection agency were blocked by business lobbying.

The range and sophistication of business's public campaigns in the past two years have been remarkable. After more than a decade on the defensive, business senses a favourable shift of public and political opinion. As Mr. Irving Shapiro, chairman of the country's largest chemical concern, du Pont, put in an interview with the Financial Times, "all the trends are moving in the right direction." His ability to make such a judgment after almost two years during which the White House has been in the hands of a supposedly populist Democratic president, Mr. Jimmy Carter, is a measure of the distance that has been travelled.

Three or four years ago the reputation of the giant U.S. corporations had been shattered by revelations that over 300 large companies had made either questionable payments (often bribes) abroad, or downright illegal political contributions at home. Executives had watched impotently for years as consumerists, environmentalists and egalitarians poured onto the statute book new regulations to control corporate enterprise. They had been shaken by a paralysing recession in the course of which major oil companies were accused of exploiting the Arab embargo for their own profit.

It seemed that the business corporation was in danger of becoming an outcast in a country which business leaders believed they had helped to create. As the head of a giant oil company put it disconsolately two years ago, "we could use some friends in Washington." As recently as early this year business leaders were still complaining that they were not getting a proper hearing on economic policy at the White House.

In sharp contrast, at a meeting of the Business Council in mid-October Mr. Reginald Jones, chief executive of General Electric (GE), could say that "business and this Administration are working much more closely together now than they were even a year or 18 months ago." Mr. John Debutts, chairman of American Telephone and Telegraph, the largest U.S. company, and another of the men active in the business council, chipped in: "I think we are going down the same track together."

It would be too easy to assume either that the track is the right one or that the apparent shift of political mood towards business is permanent. American opinion can be confusingly volatile. It is true, too, that one of the reasons why the recovery of corporate America's fortunes appears so marked is simply that previously they had sunk so low.

There are enough clouds on the horizon to make all but the most blindly optimistic chief executive pause. The tax bill with its breaks for business could help to fan the inflation which men like Mr. Walter Wriston, chairman of Citibank, says will probably tip the economy into recession in 1980. The resulting tensions could bring business into conflict again with both Government and an impatient public.

The politically sophisticated men who have helped to chart the political strategy of business, Mr. Shapiro and Mr. Jones in particular, know how easily they can be cut out of some political processes. Mr. Shapiro, commenting on the long debate of the tax bill, describes the relationship between the Government and business on those issues as conversational and factual. But of the announcement by the Administration of a new anti-inflation programme today, probably to include wage price guidelines, Mr. Shapiro says: "We were not asked what the policy should be. We were told what the programme was and told we could comment on it."

Having stated these qualifications, it would however be foolish to consider ephemeral the improving political fortunes of business. They are the product not merely of good luck, but also of careful planning and skilful work.

Its beginning may, perhaps, be placed at the start of the decade when the more politically astute senior executives of large companies became anxious about the climate in which they were operating. Mr. E. M. de Windt, chairman of Eaton, says it was realised in the business world that it was "allowing Ralph Nader (the consumer advocate) and George Meany (the trade union leader) to talk for us." He adds that he and others were afraid at the time that business might be heading for the same degree of government intervention which, he says, has been seen in Britain. That is a recurrent nightmare of many American executives.

Large companies responded by organising. A key event was the formation in 1972 (in the midst of the Nixon price controls) to form the business Roundtable. The Roundtable has developed into the most vigorous lobbying organisation for business corporations in Washington and the country.

In part its success stems from its membership. Only the heads of around 200 of the largest U.S. companies are members and they join in their own names. Besides Mr. Shapiro (until earlier this year chairman) and Mr. Jones, the list includes Mr. Tom Murphy of General Motors, Mr. Walter Wriston of Citibank, Mr. Clifton Garvin of Exxon, Mr. Frank Cary of IBM, and so on. When he was at Bendix Mr. Michael Blumenthal, now Secretary of the Treasury, belonged, and so did Mr. William Miller, now chairman of the Federal Reserve board.

In the past six years these men have put their personal influence into conducting investigations into issues, establishing policies, and lobbying both the Congress and the White House, at times in person (since such men get access to the corridors of power readily), or by enlisting other top executives.

The Roundtable took the lead towards finding a compromise last year on the issue of Arab boycott legislation. That compromise Mr. Shapiro now claims made a contribution to the climate which led to the Camp David agreement by preventing the boycott issue becoming another thorn in the side of either Saudi Arabia, or of Israel and the Jewish lobby in Washington.

The Roundtable is only one example of the growing involvement of the business community in national and community affairs, an involvement which Mr. Shapiro says recognises the "quasi public role" large corporations must now play. The scale is shown by a recent estimate published in Fortune magazine that whereas 10 years ago about 100 companies had lobbyists in Washington, the figure now is nearer 500.

Another source of growing corporate political influence was born two years ago when, with the enthusiastic support of business and labour, the Congress amended the Federal Election Campaign Act to allow companies (as well as others) to set up political action committees (PACs). These voluntary groups raise funds from donations which they can then give to politicians. Direct contributions by corporations have long been outlawed, and after the scandals surrounding illegal payments companies are not taking any more chances breaking those laws.

The Federal Election Commission now estimates that there are over 700 corporate PACs and 496 business-related organisations with PACs. Labour has 257. At Eaton, Mr. de Windt says the company's PAC (limited to a few hundred management personnel) raised $100,000 in its first year of operation. It has a slogan: "Get into politics or get out of business."

Organisation and hard work are only one part of the effort which has helped to raise the fortunes of the business community. Under its more politically aware new leaders business has also been able more skilfully to exploit and influence a change of political mood. Some place the beginning of this change earlier this year when Californian voters registered their dislike of mounting state taxation (and by implication soaring government expenditure) by voting for Proposition 13, which sharply cut property taxes in the state. But Mr. Shapiro says that in his view the election of President Carter was the real turning point because the platform he was elected on was anti-government and anti-establishment.

He says that the public at large has begun to express itself on political issues, is staking out a middle of the road course, and is wary of liberals because they "shovel money out" to try to solve problems.

Recent primary elections have suggested that the public is picking on government, not business, and in particular taxes and government spending as its whipping boy. With real incomes eroded by inflation but graduated taxation taking a bigger chunk of real income, business is capitalising on that mood. There is virtually unanimous agreement in the media that Washington's budget deficits are the principal source of inflation—a message business has been hammering away with—although the evidence to support it is far from conclusive. The part business can play in feeding inflation is virtually ignored.

In addition to the changing mood of the country, there are more practical reasons for the increasing influence of business over political and economic issues. Organised labour, under the ageing Mr. Meany, is in disarray. Last week Mr. Meany's discomfiture became even more apparent when he was forced to advocate mandatory price and wage controls as the next anti-inflation stage. Mr. Shapiro points out that the likely price guideline will not seriously hamper business. But Mr. Meany knows that in a year of major collective bargaining contracts organised labour is likely to be the first to breach whatever the wage guideline is under the "voluntary" code. It will then feel the sharp edge of the President's tongue. That would be another public defeat for labour at a time when its fortunes are already low.

MEN AND MATTERS

The church breaks the rules

The car workers are huffing and puffing. The men at British Oxygen fill the air with demands for wage increases which would breach the Government's cherished norms. But the winners in the race to make Phase Four into the Phase that never was are those far-from-militant workers, the clergy.

From next April the basic minimum for vicars is to be increased from its present level of £2,900-3,300 to £3,500-3,800, I was told yesterday by Paul Osmond, secretary to the Church Commissioners. Osmond said that in a few cases the increase would only be to £3,300 but he accepted that the basic rates were being increased far above the Government's guidelines. The increase is nearly 21 per cent.

The Department of Employment tells me that on the face of it the clergy cannot be considered a special case. When I asked Osmond if the Commissioners were claiming increased productivity he argued that there had been a parochial reorganisation and that the number of clergy is falling. But, he added: "Most important, clergy were not that well paid in 1970 and since then by any criteria their relative position has worsened."

Osmond was not convinced that increasing unionisation would help the clergy improve their lot.

Recently, however, a number of vicars who think otherwise met with officials at the Association of Scientific, Technical and Managerial Staffs to discuss how to preach the union gospel.

One of their spokesmen, the Reverend Neil Richardson, complained at low wages and poor job security. Asked if his members would consider picketing churches Richardson commented ironically that if they stopped delivering sermons they might even fill the churches again. The ASTMS claims to have recruited around 100 vicars and the Association of the Clergy reportedly has a similar number of members. But the clergy of England has no less than 10,000 members — which only seems to show that Osmond is at present correct in his unsurprising claim that "the great majority of our members feel that unionism is not the right way."

A touch of glass

As the nights draw in one's thoughts turn naturally to Christmas presents, a troubled question, especially for members of the jet set who have everything they could possibly want, and therefore settle—usually—for things they could not possibly want.

But now, as if in answer to a prayer, Men and Matters suggests the perfect Christmas gift for the man who has everything else—bullet-proof windows throughout the house. This at least is the present an anonymous Saudi millionaire has chosen for himself. At a cost of £80,000 he will in future feel far safer looking out on the view from his Mayfair home, his person guarded by expanses of laminated polycarbonate sheet called Lexgard. Lexgard is apparently four thicknesses of Lexan, the material from which U.S. astronauts' visors are made.

The contract to reglaze the Saudi's London home has been secured by UBM Hills Glass of Nottingham, and is believed to be the first of its kind in Britain: hardly surprising in view of the price of £32 a square foot.

Made in the U.S. Lexgard is distributed in Britain by Engineering Polymers. Regional sales manager Michael Scott says that, apart from not splintering or shattering, the all-plastic material has another major advantage, its lightness. "There was a case in Ireland," he tells me, "where one of the custom car firms was using two-inch thick glass in the windows. The hinges couldn't take the weight. When the doors were slammed they fell off."

Korchnoi complaint

"I hear they had the Office of Fair Trading round to complain about them using Korchnoi's name to promote it," the chess ace, William Hartston, murmured to me over lunch yesterday.

As a parting shot, delivered before he flew to Buenos Aires for the World Chess Olympiad, it had its points. At stake is the success of Hartston's The Battle of Baguio City, his account of the Karpov-Korchnoi match. It is competing in a tight field with two other instant books, one of them by his long-time rival the grandmaster Raymond Keene, who was also Korchnoi's second. Keene's book, at one stage, was to be "co-authored"—not my expression—by Korchnoi himself and the interest of the Office of Fair Trading was aroused because publicity had been generated on this basis.

But in the interim Korchnoi withdrew permission to name him as a joint-author. "Yes we did have a chap come round, cap in hand, to say he'd a complaint . . . I suspect it was probably one of our competitors trying to stir up trouble," says the book's editor, Peter Kemmis-Betty, managing director of Batsfords.

Korchnoi withdrew, I am told, for no more colourful reason than that he plans to write a book of his own.

Pafia Pifia

In 1975 the Brazilian government passed a law prohibiting parents from registering names for their children that were "likely to subject the holder to ridicule." Today every Brazilian registry office has a thick volume of non-ridiculous names and will help all parents pick a suitable one for their child.

Not every parent agrees, however. Some still try to register their offspring as Lucifer, Giggle, Black or White or, one of the most famous in the history of Brazil's odd names, Pepsi Cola Coca Cola Beer de Oliveira.

Anxious to preserve the nomenclatural heritage of Brazil, a lawyer, Sr. Itamar Espinola, spent five years digging into libraries, registry office files, official bulletins and other such illuminating documents. He came up with a collection that is still a best seller.

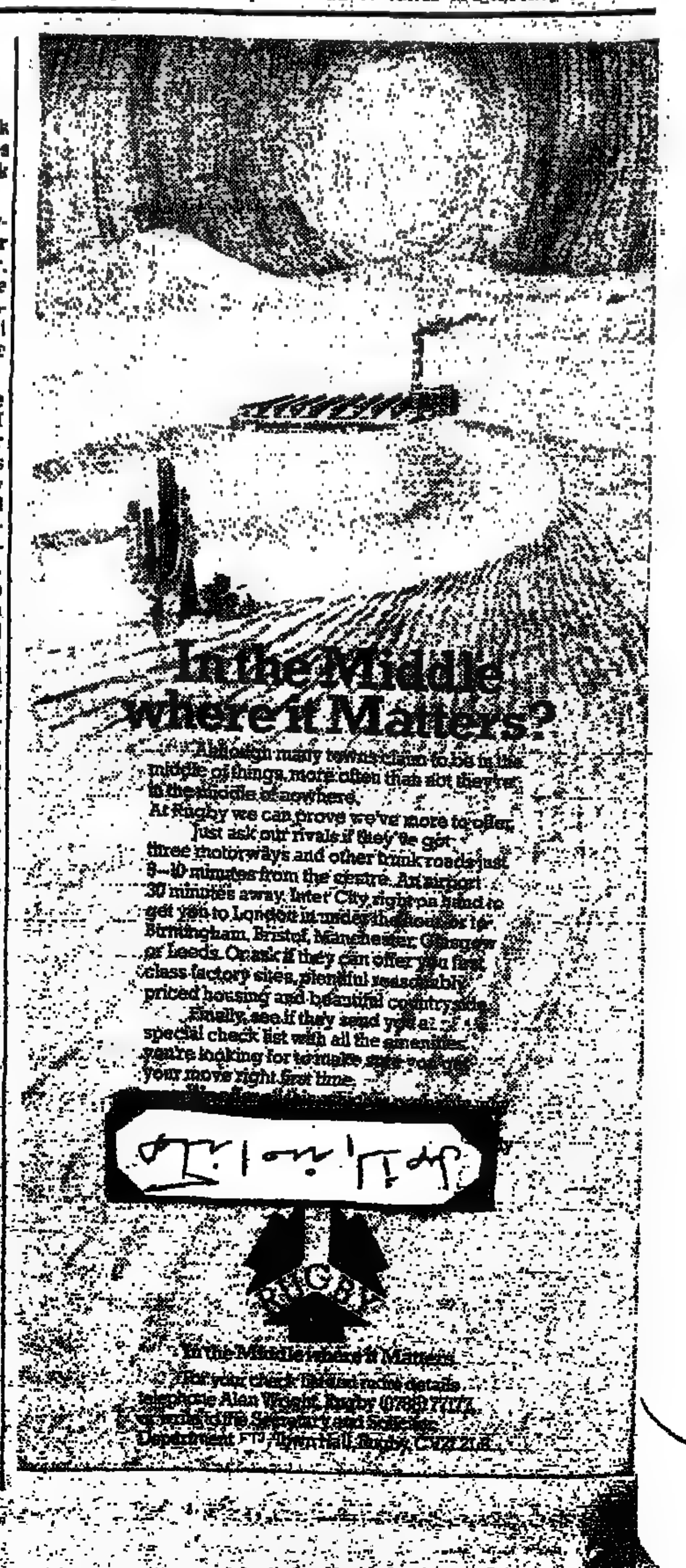
His finds, translated into English, include: Atlantic Ocean Linhares (a Bank of Brazil official); the brothers National Future Provisional and Northern Provisional; Anthony Premature Calf (a social welfare doctor); Agricultural Beetroot Sand Laion; Petronius Arbiter of Elegance; Tame Peaceful Poor Lamb de Oliveira Restful; and most unfortunate of all, Cardiac Arrest da Silva (a municipal tax collector.)

Perhaps even more striking is the name Pafia Pifia Pefia Pofia Pufia da Costa (of the coast), demonstrating the zeal of some parent to prove he or she could get through all the vowels of the alphabet and make sure Pafia etc remembered them.

French detour

A colleague tells me his son has been showing distinct linguistic talents. During his second lesson he successfully translated into French "Come over here." "Venez ici," he said. "And how would you say 'Go over there?'" asked the teacher encouragingly. "I would go over there," replied the youth, "then I would say 'Venez ici.'"

Observer



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Very simply, STC is in the business of helping people communicate.

Helping to improve communications between people requires a constant stream of invention and development. By originating a system of transmitting messages by laser light rather than by electrical energy, STC has produced what could be the most significant development in telecommunications since the invention of the transistor.

As demand for telecommunications services increases, the pressure on the telephone system grows.

So technology has to anticipate problems which may not occur for another decade; and find the answers.

Pass additional services like television and viewphone and computer data through conventional telephone cables and they can crowd out the conversations which might be carried.

Fortunately, STC's initiative led to the development of optical fibre communication. This means that the capacity for signals of any kind is increased by tens of thousands.

Instead of the traditional copper cable, the 'wire' along which signals pass is a hair-thin optical fibre (think of it as a thread of glass), so transparent that looking through a mile-thick pane of it would be virtually like looking through an open window.

And all the signals transmitted are carried by lightwaves generated by miniature lasers.

The theory is simple: the capacity of a carrier wave is related to its frequency. And the frequency of light is many thousand times that of radio waves.

What is not so simple is the development of lasers able to operate efficiently without attention for the lifetime of the system. And also the development of light-guiding fibre to take the signal from transmitter to receiver without significant loss of quality, no matter how many twists and turns the glass cable goes through. Building these fibres into a cable and transforming the 'glass' into something tough and flexible, was not so simple either.

So STC, as well as originating the concept and making it work, built its own optical fibre and optical cable manufacturing plant.

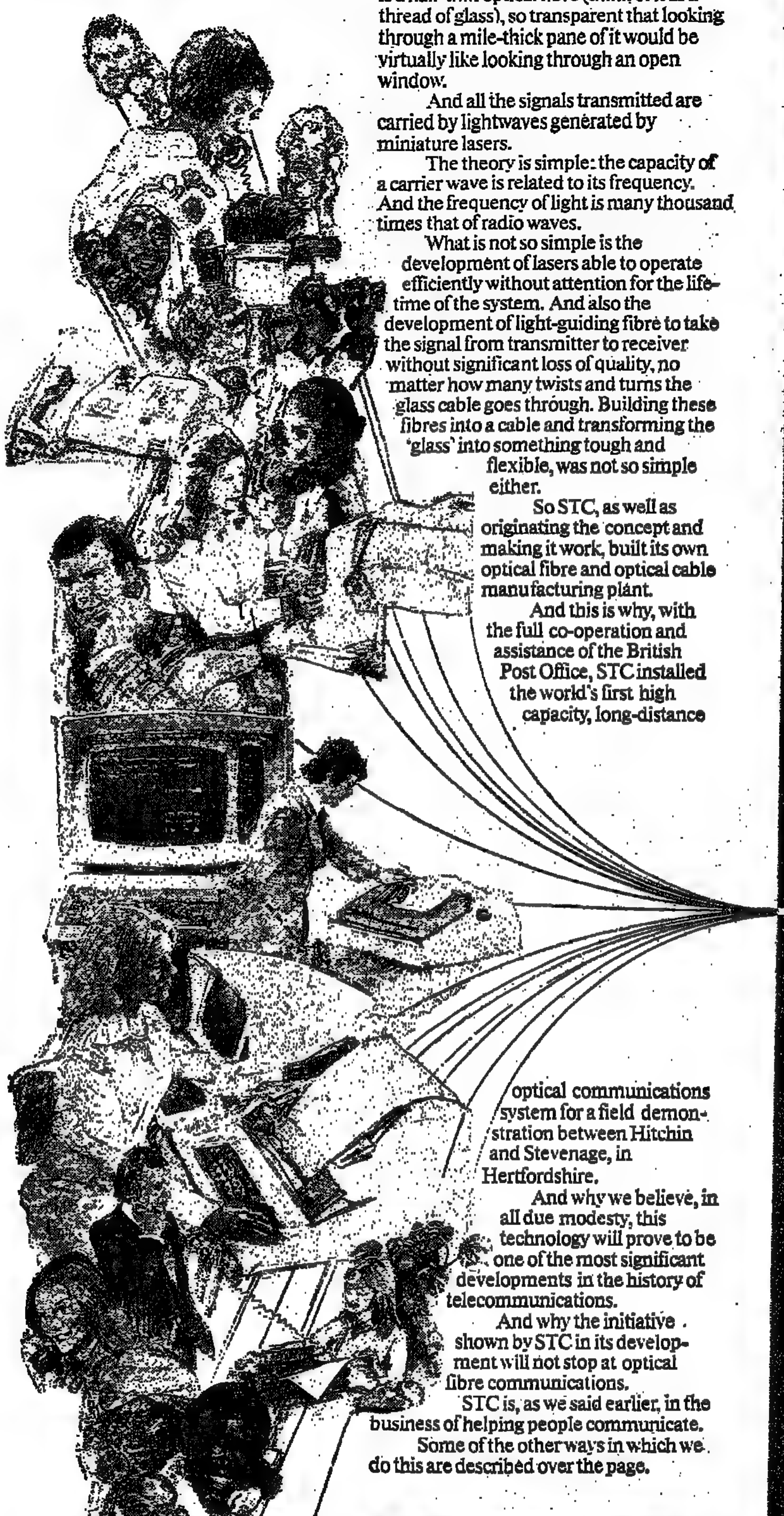
And this is why, with the full co-operation and assistance of the British Post Office, STC installed the world's first high capacity, long-distance optical communications system for a field demonstration between Hitchin and Stevenage, in Hertfordshire.

And why we believe, in all due modesty, this technology will prove to be one of the most significant developments in the history of telecommunications.

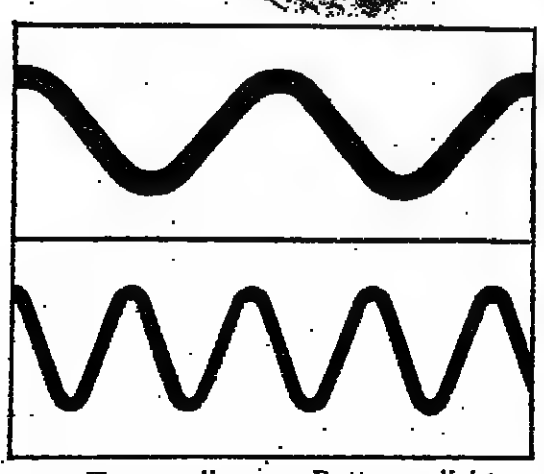
And why the initiative shown by STC in its development will not stop at optical fibre communications.

STC is, as we said earlier, in the business of helping people communicate.

Some of the other ways in which we do this are described over the page.

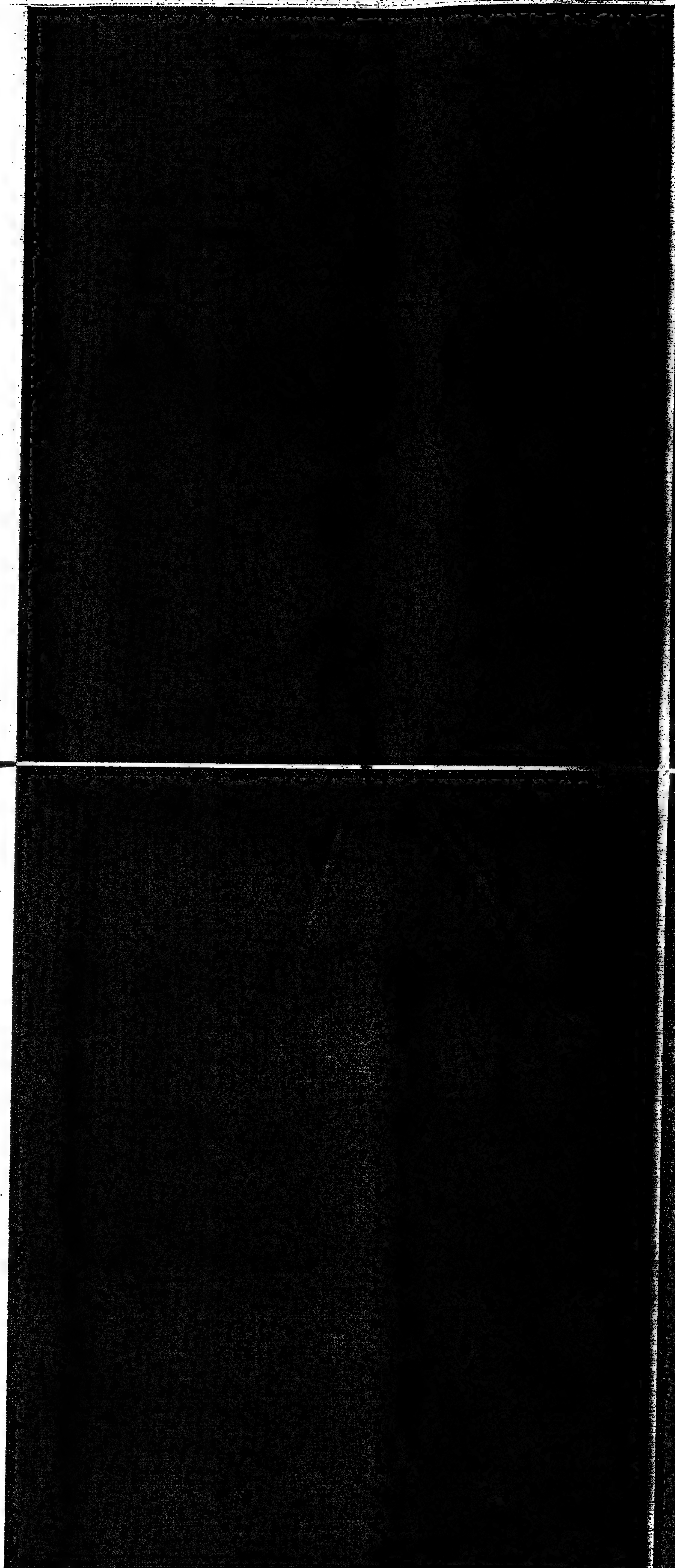


STC optical fibre cable can use existing cable ducts. So there's no need to dig up streets and lanes and hedgerows.



Top: a radio wave. Bottom: a light wave. Think of every wave as carrying the same number of telephone calls, or television programmes, or computer data. Clearly waves which are closer together have a higher frequency and add up to more signals than those further apart.

STC did not stop at the optical fibre communication concept–STC also made it work. A pilot production line at the laboratories led to the building of a full-scale fibre and cable production plant.



Think of the white line as STC's optical fibre cable ... carry the same number of telephone ...

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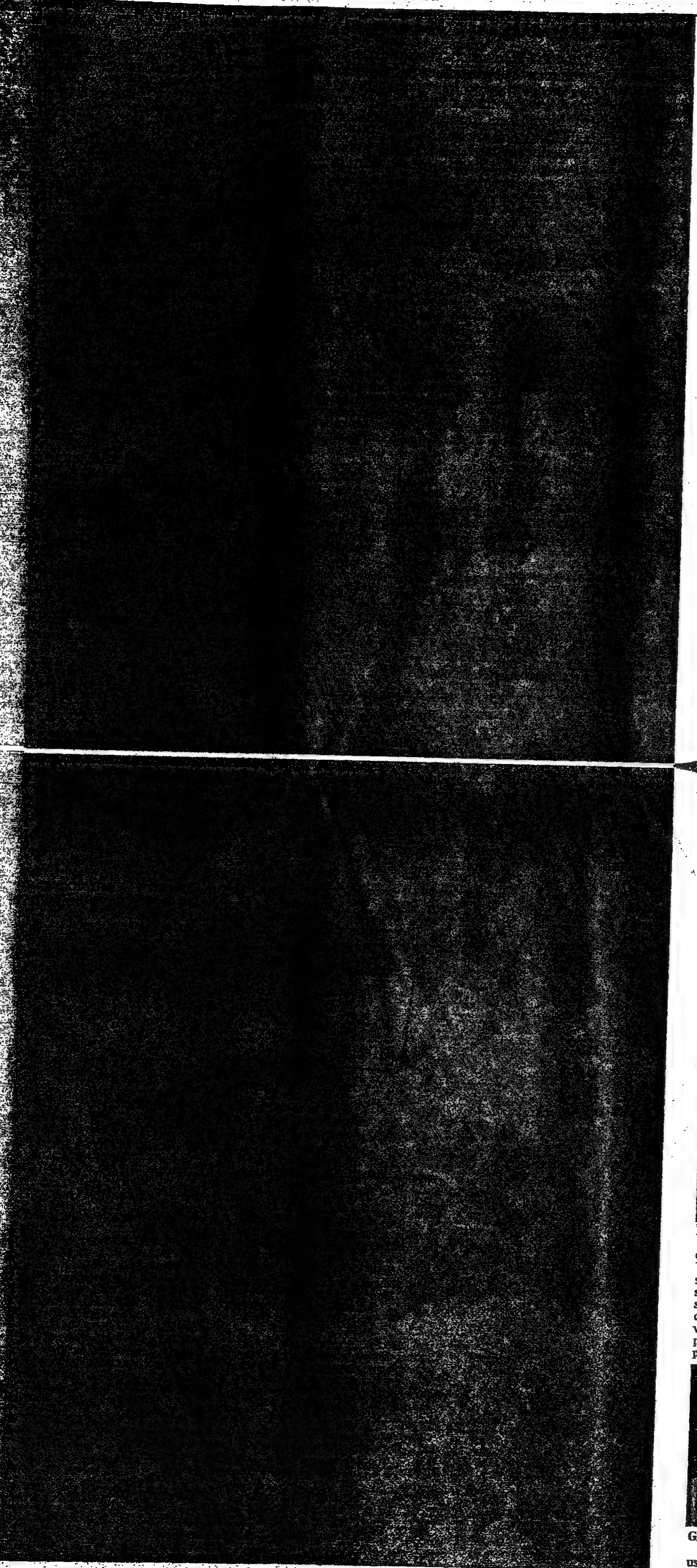
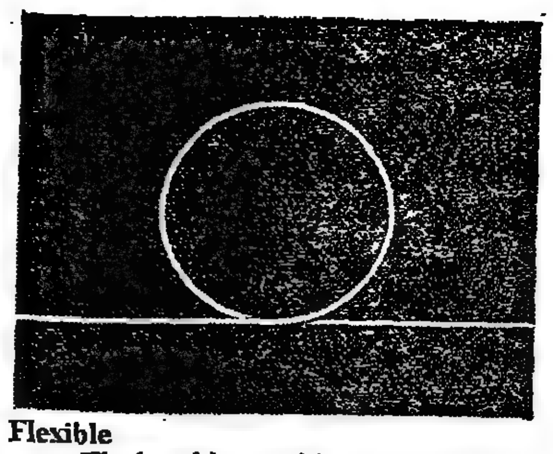


Cheaper

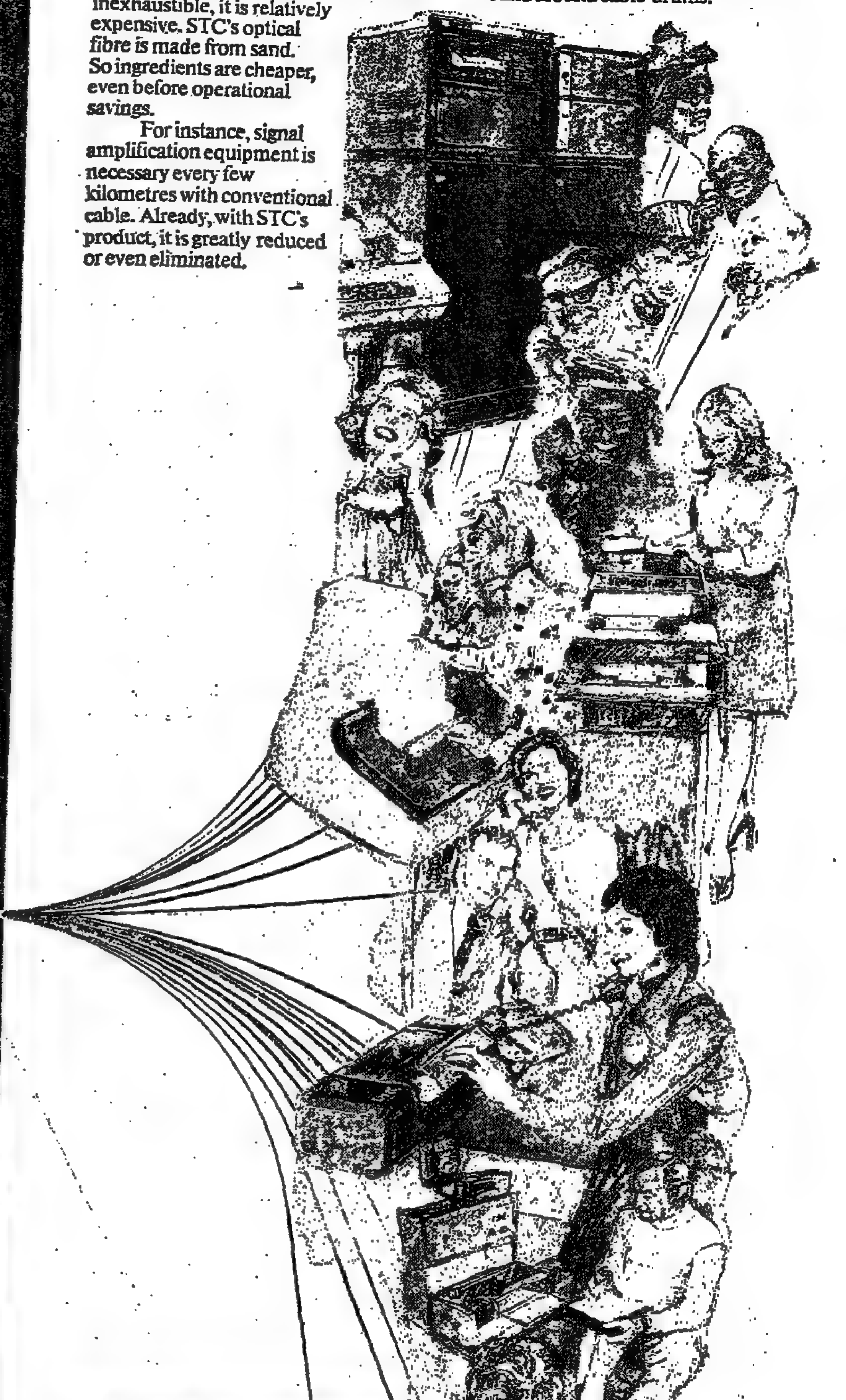
Conventional cable is largely copper. Because of the costs of mining and processing and because it is by no means inexhaustible, it is relatively expensive. STC's optical fibre is made from sand. So ingredients are cheaper, even before operational savings.

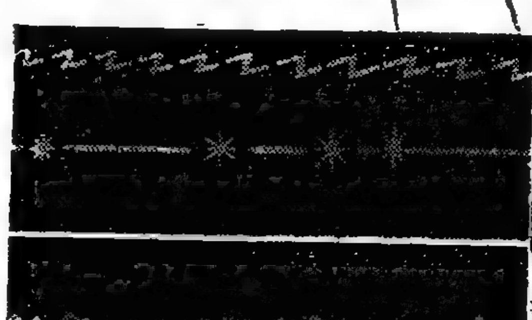
For instance, signal amplification equipment is necessary every few kilometres with conventional cable. Already, with STC's product, it is greatly reduced or even eliminated.



Flexible

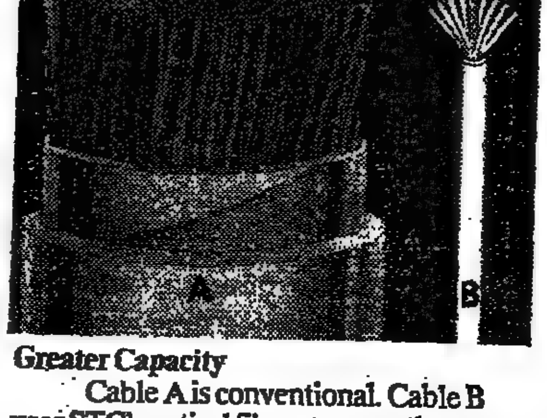
The last thing you'd expect 'glass' to be is flexible, but optical fibre cable can be wound around cable-drums.





No Interference

STC's development uses light, not electrical energy. So it's interference-free. Which means it can be run alongside, say, electric railways without special screening. Because there's no risk of sparking, it can be laid where metal cables can't: places like mines. And because it is virtually bugging-proof, it has vast potential where security is vital, particularly for military use.



Greater Capacity

Cable A is conventional. Cable B uses STC's optical fibres to carry the same number of telephone conversations, television signals, and computer data.

'Unbreakable'

Perhaps 'unbreakable' glass is just as surprising as flexible glass. STC's *optical* fibre is comparatively stronger than steel.

onversations a comparable conventional system would require a cable the thickness of the dark area.

STC. Helping people communicate in many ways.

Originating, developing and making optical fibre and cable to transmit messages by light is just one example of STC's innovatory skills. Standard Telephones and Cables Limited has always been in the forefront of telecommunications development: providing the first Atlantic cable; developing the concept of digital communication; introducing telephone exchanges with a built-in memory.

Though STC divisions share the common background of telecommunications and electronics, each is a specialist: hydrospace, undersea cable systems; marine radio and electronics; telephone exchange switching; local, long distance and international cable and transmission systems; and advanced subscriber apparatus are some of the business areas in which STC helps people communicate.

International Communications

Many people thought that the introduction of satellites would halt the growth of undersea transmission systems. Yet in the first five years after the Early Bird satellite was launched, cable circuit miles trebled. And the growth continues.

Last year saw the inauguration of a £40 million system linking Venezuela and Spain over 3240 nautical miles. Surveyed, planned, designed, manufactured, installed and commissioned entirely by STC, this system was named Columbus: and it was opened on Columbus Day – the day and date specified when the contract was signed in 1975.

And only recently another STC system, linking the Philippines and Singapore, was opened. The on-time completion of 1500 miles in 13½ months was 9 months less than that offered by the nearest competitor.

But though STC is responsible for more undersea transmission systems than anyone else, this vast experience by no means limits our range of interest. For instance, STC helps people talk by satellite. Developed by STC for the British Post Office and world markets, suppressors will help to reduce that disconcerting voice-echo you sometimes get on international telephone calls.

STC helps ship-to-shore communication too. The introduction of a new generation of radio teleprinter equipment guarantees error-free transmission and reception. The "Microtor," working alongside a shipborne telex, will speak to its twin alongside another telex ashore. And neither will send nor receive a garbled message. No matter how great the distance, how bad the interference, whatever goes into the telex at one end is received at the other.

Defence Communications

STC is a major supplier to the Ministry of Defence, NATO and other defence agencies.

The company is playing a significant part in Ptarmigan, the trunk communications system for the British Army which will provide a mobile, secure network to support tactical requirements. It enables anyone from a signaller in an advanced outpost to the General Staff to communicate either over line or radio by simply picking up a handset.

For the Royal Navy, a fully electronic automatic unmanned exchange will continue to provide communications even under the hazardous conditions of modern warfare.

And Lincompex (Linked Compressor and Expander) equipment virtually eliminates variations in transmission quality over long-distance radio links, one of the most common problems of communication in the field.

STC's 20 years' experience in hydrospace serves military as well as civil customers. The leading supplier of torpedo wire guidance links, the company's underwater electrical and electromechanical cables are used in almost every marine and underwater activity.

Business Communications

STC's associate, ITT Business Systems, specialises in voice, data and telegraph communications for business, industry and commerce.

A leading product is the Unimat 4080, a new generation private exchange, based on microprocessor technology. This provides an advanced voice communication system with additional features for modern business communications.

'Message switching' is another area in which the company is a leader – the automatic handling, storing, routeing and transmission of memoranda, telex and data messages.

It has recently introduced a compact portable facsimile machine – the "Telefax." This can be used wherever there is access to a telephone to transmit and receive documents and graphics at twice the speed of traditional equipment.

It is also the major supplier of telex machines to the British Post Office, and exports them to many parts of the world.

National Communications

At the start of the telephone's second century the great switching advance is from the traditional electromechanical exchange, through computer controlled semi-electronic exchanges, to fully electronic exchanges, and thus from analogue to digital technology.

STC's TXE4 development was the semi-electronic system chosen by the British Post Office for the modernisation of all its medium and large exchanges. And for the future, which lies with digital systems, STC was chosen as one of the companies to work with the British Post Office towards the introduction of System X in the early 1980s.

System X is not just a development; it's a switching revolution. Conversations will be converted into a series of pulses, which will be switched by telephone exchanges without conversion back to an analogue signal, and a new digital network will be introduced.

Modern micro-circuit switches are millions of times faster and millions of times smaller than the older electromechanical switches, with virtually no wire between them. This complete break from the constraints of existing networks will achieve a service far more flexible, efficient and economic than today's.

STC was a natural choice to be a partner in the consortium to work on System X. Many of the basic concepts used in System X, and comparable developments overseas, had their origins in pioneer work carried out in the 1950s and 1960s. Pulse code modulation, the basis of the digital transmission of speech, was conceived by an STC scientist as early as 1938.

But it was the invention of the transistor that made the concept practicable, and only in more recent years that developments in integrated circuit technology have enabled the full potential of digital transmission to be realised.

STC took the concept a stage further by actually installing Europe's first field trial of a high-speed digital transmission system capable of carrying 1680 simultaneous telephone conversations. Results were so outstanding that the British Post Office chose the STC system as the first stage in the implementation of a national digital network in Britain.

But this is by no means the limit of STC's lead in digital system technology. Already, as the higher capacity systems meet new demands, even as they offer more advanced facilities, STC is ahead; not only proving an understanding of the need to adapt to changing requirements, but also the capability to do so quickly.

The Future

We've talked about System X and echo-suppressors and computerised exchanges. And we could go on to international videoconferences and the 'wired city' concept and all the automated, simplified, time-saving, cost-cutting, technologies of the future. STC has many of these in hand.

But STC's innovatory skills go further than business technology to concepts whose magnitude vie with the exploration of outer space. STC is a leader in hydrospace: the exploration of the two-thirds of the earth's surface which is water. It's where tomorrow's resources lie.

Whether it is the opening of a new frontier, where STC's ability to handle complete projects is important, or the ceaseless refinement of the telephone instrument, STC's skills will lead telecommunication development.

Very simply, think of things like this: today, it's virtually certain that when you make a telephone call it will be over STC cable or equipment.

Tomorrow, we believe that STC's innovatory and development skills will continue to help people communicate.

If you would like copies of this feature in colour, we have printed it as a 6-page leaflet. If you would prefer it as a wallchart, we have produced one, size 24 x 34 inches, showing our optical fibre communications story. Write to the address below.

If you need more specific information, please contact:
Peter Earl, Director-Public Relations,
Standard Telephones and Cables Limited, Dept. 810A,
STC House, 190 Strand, London WC2R 1DU.

Standard Telephones and Cables Limited
A British Company of ITT

Textiles: still in a state of turmoil

By RHYS DAVID, Textiles Correspondent

TEXTILES remains one of the most turbulent international business sectors in spite of last year's efforts to create a new trading agreement.

It is now nine months since negotiations on the second round of the GATT Multi Fibre Agreement (MFA) were concluded, and the meeting of the International Federation of Cotton and Allied Textile Industries (IFCATI) in London recently was the first opportunity the industry as a whole has had to examine what was achieved through the series of MFA bilateral deals arranged between the developing and developed countries.

But hopes that the new arrangements might have already led to a new and much more orderly international framework for textile trade—balancing the needs of rich and poor, and bringing greater fairness all around—have only partly been realised. The recession, as reports from a number of developed countries at the conference indicated, is still causing problems, depressing demand and increasing the disruption caused by imports.

The developing countries for their part are still troubled by their own economic problems and are finding their traditional opportunities of earning foreign exchange and increasing employment through textile exports are being blocked by what they see as the continued spread of protectionism.

Behind the complaints from both camps, however, lies a common problem. At both present and foreseeable levels of demand, too many people are making textiles, and, with the industry everywhere a major employer, few countries are willing to reduce their stake in it.

In Britain the Government was reminded of this by delegates from 13 towns in Lancashire and Yorkshire who met Mr. Edmund Dell, Secretary for Trade, during the week of the conference. They expressed concern at the *continuing loss of jobs in the* industry and the apparent ineffectiveness of measures such as the MFA in slowing down the decline of traditional cotton spinning and weaving.

The problem, according to Mr. Ian MacArthur, director of the British Textile Confederation, which has also been seeking Mr. Dell's ear again over recent weeks, is not so much the *formal bilateral agreements* concluded by the EEC with the *main low-cost suppliers such as* Hong Kong, South Korea, Taiwan, India and Pakistan. In nearly every case these have worked fairly well, and indeed, as Mr. Dell told the northern delegation, no formal quotas have been breached.

Imprecise

The main problem this year has been the imprecise nature of the agreements which the EEC negotiated with Mediterranean associates such as Greece, Spain, and Turkey, and with Portugal from the EFTA block. The understandings which the EEC reached with these countries have in a number of cases proved ineffective and large increases in *shipments of products strictly restrained from other sources,* such as cotton yarn, have taken place.

The EEC has now tightened up its understandings, banning all further imports this year, for example, of cotton yarn from Turkey, which had exceeded its previously agreed 1978 level of shipments within the first eight months of the year. The EEC has acted only with some reluctance, however, and in the case of Portugal it actually *negotiated a less restrictive* deal which it justified on the grounds that Portuguese internal stability was at stake. Britain's acceptance of this new arrangement was dependent on stronger action in other areas, notably new controls on growing imports from Malta and Cyprus, but the Commission has again shown some reluctance to act.

It was not only British delegates, however, who raised complaints at *IFCATI over the con*tinued disruption caused by imports. Most of Britain's European partners reported a sharp reduction in output from their mills in 1977, mainly as a result of weak demand and the loss of domestic market-share. *At the same time the U.S.* industry is basing its strong opposition to textile and clothing tariff cuts in the current Multilateral Trade negotiations (the Tokyo Round) on what it con*siders to be a continued high* level of import penetration in the U.S. market. Japan is also giving warnings that its textile industry is under severe pressure from imports of textiles, which have been encouraged further this year by the substantial revaluation of the yen.

Yet, as the exporting nations have made clear, they have a very different perspective. In Portugal, Spain, and Greece—the three main *Mediterranean* textile and clothing exporters—measures aimed at combating domestic inflation have reduced home demand and left all three bitter about their treatment by the EEC. Half Portugal's textile production is exported, with the EEC accounting for 80 per cent, so that the complaint made by their delegate at IFCATI is understandable.

NEW TEXTILE MACHINERY
(1977 shipments)

	SPINDLES	OPEN-END ROTORS	SHUTTLE LOOMS	SHUTTLELESS LOOMS
AFRICA	286,500	28,200	4,415	617
NORTH AMERICA	68,025	12,884	2,465	4,334
SOUTH AMERICA	195,100	12,100	589	1,038
ASIA & OCEANIA	829,000	61,000	8,928	2,214
EUROPE				
EEC	207,300	16,700	1,279	5,585
EFTA	23,100	1,800	326	574
Other	132,500	98,800	1,466	4,756
TOTAL	1,742,000	231,972	19,468	19,118

"Our trade balance with West Germany presently stands at $350m in her favour with $9m in the textiles sector alone, yet West Germany has imposed a ceiling on Portuguese textile exports. Our most important textile market, the UK, despite a $45m trade balance in her favour, has placed a limit of 31,600 tonnes on Portuguese textile imports in 1978, a reduction of 30 per cent on the 1973 level of 43,815 tonnes," he pointed out.

Similar complaints about increased protectionism have been raised by Far Eastern exporters, including Korea and Taiwan, both of which have substantially increased their investment in anticipation of expanding world textile trade. Korea itself increased its number of looms last year by 18 per cent *and its spindles by 20 per cent.*

Hong Kong, which was obliged under its bilateral agreement with the EEC to accept a significant reduction in its textiles exports so that other smaller suppliers could be given a bigger share of the world market, remains bitter too. It has pointed out that in the UK it is the EEC which has been able to take advantage of the tighter restrictions on imports from low cost countries. While UK imports of textiles from all sources in the first seven months of this year rose by 25 per cent, those from the EEC rose 38 per cent. *In clothing the corresponding* figures were 13 per cent and 27 per cent.

It is difficult at this stage to see how this international wrangle over who should clothe the world will be resolved, though it is hoped, in Europe at any rate, that after a settling down period this year, the MFA bilateral agreements will bring greater stability to textile trading over the remaining three years of their life.

The problems of over-capacity have also forced governments in Europe and elsewhere to take a much deeper interest in the industry, to examine whether or not certain sectors of the textile industry are worth retaining, and to look at ways in which the industry can be helped to evolve a healthier structure.

The EEC, for example, has made it plain that—in contrast to its attitude a few years ago—it is now determined to maintain a viable textile industry for two important reasons, both of which were outlined by Viscount Etienne Davignon, Commissioner for Industry, at the IFCATI meeting. The first of these is jobs, for despite the decline over recent years of both textiles and clothing, together they still account for about 10 per cent of industrial employment in the Community.

The second and equally significant reason is the important links which textiles have with other industries, such as chemicals and engineering. "The textile and clothing industry is essential for maintaining a balanced economic structure in the Community," Viscount Davignon warned.

The Commission strongly believes, however, that to achieve this there will have to be considerable restructuring of the European textile industry, and the current import restrictions are seen as merely providing a breathing space for this. Considerable restructuring has already taken place in a number of countries, including Britain and Germany, where the pressure of imports has produced mergers and closures.

In the Netherlands, too, eight spinning factories have been merged recently into one new company and similar plans are envisaged for weaving and finishing. The French Government is also behind efforts to rationalise the highly fragmented French textile industry. In Europe as a whole, a sector by sector study of what needs to be done is now being undertaken by the European textile federations backed by Commission funds.

When needs have been determined, the Commission has said it will be prepared to give assistance to help the industry improve its shortcomings in relation to management, statistics *(for example, about the state* of the market or trends), technological development and re-equipment.

From these efforts it is hoped that a strengthened and competitive—if somewhat smaller—European textile industry can emerge. But Viscount Davignon pointed out that the Community has also been stressing the risks which developing countries are running in allowing textiles and clothing to account for a disproportionately large share of their industrialisation effort.

Basic goods

Whether or not at the Community's prompting, some of the more advanced developing countries have clearly already begun to move away from dependence on basic textile goods. In India, for example, the Government has halted expansion of weaving in big industrialised mills and is hoping to obtain the additional cloth to meet future requirements from hand-looms in towns and villages in the country. This is intended in part to create jobs outside the big cities, but it also has a commercial aspect. To avoid competition in basic cotton yarn and cotton fabric, India has been moving increasingly into clothing over recent years and the *hand-loom sector* is capable of providing the distinctive types of cloth which in recent years has made Indian clothing popular round the world.

In Hong Kong, where employment in spinning and weaving has actually fallen faster than in Lancashire over the past year, there has been a move towards increased specialisation, *for example in leisurewear* products such as anoraks, to replace dependence on knitwear and shirts. Though still covered by quota these items offer a higher unit profit.

Taiwan, which has also seen a reduction in its textile exports because of the recession and quotas, is similarly planning to move more deeply into fashion, to modernise its industry to meet the West's higher quality standards, and to merge smaller companies.

The problem for the textile industry in Europe, as it looks towards the end of the present period of quota protection in 1981, is that other, newer countries are emerging as textile producers and will be only too ready to fill some of the gaps which the first generation of textile exporters are now leaving. Also the direction in which producers such as Hong Kong have been obliged to move could make them much more serious competitors in the up-market areas into which the European textile industry has also been retreating. Yet in his London speech Viscount Davignon warned the European industry that it could not hope for indefinite import growth limitations, and must eventually settle in product areas where it could be competitive.

The search for a new and fair international division of labour *is clearly going to continue for* some time.

Letters to the Editor

Insider dealing

From the Secretary and Chief Executive, The Institute of Chartered Secretaries and Administrators.

Sir,—Now that the City, as Richard Lambert your Financial Editor has said (Insider dealing still worries City, October 20), is getting around to discussing the challenge of impending legislation, you may be interested in the view of chartered secretaries who, as company secretaries, are generally the first professional people to whom company directors and others turn for advice in these matters.

We said, when the White Paper "*Changes in company law*" was first published, that we thought the Government had got it just about right. Insider dealing should be a criminal offence. The net is widely cast, but the essential point is that if honest directors, brokers, solicitors or whoever may have price sensitive information do not seek, by the use of that information, to make a profit or avoid a loss, they should have nothing to fear. Clause 57(6) provides just that.

In other words, the honest and the prudent are assured that the legislation will not catch them. What more do we want?

The *narrowing of definitions* on U.S. lines which your Financial Editor suggests will lead to more opportunities *for evasion*, when it is going to be hard enough to catch the few crooks there are on the basis of the legislation as it is *now proposed*.

I. Barker.
6, Park Crescent, W1.

Early lapses of life policies

From Mr. P. James

Sir,—I was extremely interested in the report (October 20) of Mr. Gordon Borrie's remarks made at the meeting of the Insurance and Actuarial Society of Glasgow, concerning early lapses and surrenders of life assurance policies.

I consider that the statistics of lapses and surrenders should be kept on a source agency basis, so that the types of agencies actually causing the lapses and early surrenders can be seen at a glance.

As an insurance broker, I have no doubt that if this were done, looking in particular at industrial offices' direct sales staff, ordinary offices' direct sales staff, building societies and banks, some very interesting statistics would come to light.

While it is true to say that the new commission structure introduced two years ago did go some way towards meeting this criticism, Mr. Borrie is perfectly right in his assumption that the insurance companies themselves are not doing anywhere near enough to crack down on this scandal.

Anything he can do in the future to bring about a close investigation of lapses and early surrenders, and which types of agencies they are originating from, will go some considerable way towards stamping out this extremely harmful practice.

Peter R. James.
102, Insley Gardens, Hucclecote, Gloucester.

Real rates of return

From Mr. T. H. Shucksmith.

Sir,—The assertion by Lex (October 14) that large real returns are available throughout the Gilt market made "my hackles stand on end." Presumably *he is referring to the* fact that recent rates of year on year price inflation or predicted rates up to perhaps six months ahead are below the gross redemption yields available in the Gilt market.

These conditions do not mean that a real rate of return can be guaranteed or even expected throughout the Gilt market. The *effect of tax on the net or actual* return earned by many investors is ignored. It fails to recognise that the guaranteed return on a Gilt is earned in the form of cash income and redemption flows over a period which may extend over very many years. If the time to receipt of the cash flows on a long Gilt is weighted by the present value of those flows, the average period is about six years.

In my opinion, it is impossible to say with any confidence that the rate of price inflation over *the next six years, or,* more precisely, the weighted average of the rates over the appropriate periods, will be less than the rates of return currently available on Gilts, even the gross rates.

Of course, the realised return in the period ahead for which *price movements* can reasonably be predicted will be very much affected by movements in the market and are probably weightier considerations in investors' minds, but these *market movements cannot be* predicted with confidence either.

T. S. Shucksmith.
4, Roquebrune, 130, Blackborough Road, Reigate, Surrey.

Nationalising industries

From the Director External Affairs, The Federation of Civil Engineering Contractors.

Sir,—Malcolm Rutherford is hardly fair when he accuses the building employers of expensive tilting at windmills in their fight against nationalisation (October 20).

It is a matter of record that the Labour Party did vote overwhelmingly at its conference last year for the outright nationalisation of major building companies and firms in the brick, glass and cement materials industry. Government registers for building firms and workers, *the encouragement of worker* co-operatives and more scope for council building departments. These together with a whole string of other proposals cannot be seen as adding up to anything other than thorough-going state control of construction at all levels.

The fact that these policies have not yet been adopted by the Labour Party is neither surprising nor relevant. All experience of previous nationalisation attempts has shown that those industries who have ignored the early warnings and have waited until they saw themselves named in a Government nationalisation Bill have woken up too late. We are determined not to repeat that mistake.

M. D. Noar
Romney House, Tufton Street, SW1.

Shortage of builders

From the Director, London Region, The National Federation of Building Trade Employers

Sir,—I was very interested to read Malcolm Rutherford's account (October 20) of the problems arising out of a shortage of skilled craftsmen in the London building industry. The conclusion drawn by him that therefore the campaign against building industry nationalisation CABIN is irrelevant seems very illogical. He appears to believe that campaigning against Government interference in the industry *is delaying a solution to this* problem, whereas it is an increase in Government regulation of the industry that aggravates the flight of the workforce into other activities where their skills can be better rewarded.

A more helpful conclusion might have been to point out that the building industry is a microcosm of the total national labour *market but enjoys a greater* freedom of movement because of the universal demand for its skills. It is the high direct taxation of the earnings from such skills which discourages those resources from being used legitimately on a directly employed basis. Until more positive policies are adopted in favour of indirect taxation, this distortion of the economy will become increasingly severe.

A. M. Godley.
18-20, Duchess Mews, W1.

Coal-fired power

From the Chairman, NCB (IEA Services)

Sir,—Miss Watchorn (October 16) refers to paragraphs 8.40, 41, and 42 of the Windscale Report as evidence of "the cost in life and health of coal-fired power stations." *It is no such thing.*

I greatly admire the decision to carry out the inquiry and the manner in which it was conducted generally, although no doubt some lessons were learned which will assist future exercises of this kind. I also, with some knowledge of the nuclear background, support the conclusions.

None the less, I think it was extremely unfortunate that remarks on the health hazard of using coal were included in the report, without proper evidence or without those who might have questioned these views having the opportunity to do so.

Soon after the Windscale Inquiry Report was published, I wrote to the Secretary for State for the Environment on this matter and asked for "evidence" or "information" on coal mentioned in the report. Apart from the Ford Foundation Report, the only other information was both trivial and irrelevant to coal burning. The Ford Foundation Report itself has been severely criticised in many directions and seems to lack credibility with regard to coal burning hazards.

IEA Coal Research is anxious to study the problems of increased coal usage in an objective manner, including environmental impact. We have recently produced a report, "Carbon dioxide and the 'greenhouse effect'—an unresolved problem," which puts this particular matter in perspective. Other studies have been carried out on SO_2 removal and the information available on other possible health hazards has been studied. Much more work needs to be done but my personal opinion is that the remarks referred to by Miss Watchorn are still totally unsubstantiated and that any hazards that may exist can best be studied in a careful manner *without need for panic or unfounded allegation.*

As I said in my letter to Mr. Shore: "The report, in paragraph 2.1 and elsewhere, refers to public anxieties on nuclear power, 'however irrational and misplaced.' It would seem a pity to generate similar anxieties in the case of coal."

L. Grainger.
14-15, Lower Grosvenor Place, SW1.

Electricity price rises

From Mr. K Haynes

Sir,—In your paper of October 14, there is a report (page 4) of an internal meeting of the South West Electricity Generating Board about the "struggles" of the industry to keep down its prices in face of continuing increases in primary fuel costs, consumers' preference for cheap gas rather than *electricity and inefficient opera*tion of modern plants because of excess capacity due to lower demand than forecast.

Earlier this year you reported (March 11), that the Price Commission was letting through the latest increase of 5 per cent proposed by the Central Electricity Generating Board for England and Wales, but intended to investigate a separate 9.9 per cent increase proposed by the South of Scotland Electricity Board. Subsequently, in reporting the "adjusted" electricity profits for the year, your paper confirmed on July 28, that as far as England and Wales were concerned, the Price Commission had allowed a rise in "retail tariffs" of 5 per cent effective April 1 and that operation of the fuel cost adjustment was expected to add "around 3 per cent to that in the course of the year."

Comparing this anticipated 8 per cent overall increase with what has actually happened at the retail end in this part of the *country so far in 1978*, I am surprised at the percentage increases on the most commonly used tariff prices shown in the table below.

Are these figures from North West England typical of the whole country? If so, why the charade with the Price Commission, the attendant publicity from which must have deluded many people responsible for budget estimates into under-rating their electricity costs for the current year?

My table also shows the effect which the much criticised fuel cost adjustment has on variously priced units. If this levy serves the purpose for which it was designed, then increases in primary fuel costs to the industry are automatically passed on to the consumer as they occur without recourse to the Price Commission?

Ironically, on the same page as you report the fears of the director general of South West *Region Electricity Generating* Board, there appears an article on British Airways entitled "low fares prescribed for healthier future." The electricity Boards' recent introduction of a lower priced 7 hour night rate is a laudable attempt to emulate Sir Freddie Laker, but they would inspire more confidence in consumers if their price increases elsewhere were spelled out more honestly than in the past.

K. Haynes.
Gillgrass Cottage, Wellington, Seascale, Cumberland.

	Pence per Unit Jan. 78	Pence per Unit Oct. 78	Increases %
Domestic			
Basic price	2.360	2.550	8.1
+ Fuel cost adjustment	0.177	0.258	
Total unit cost:—	2.537	2.808	10.7
General commercial			
Basic price	3.100	3.350	8.1
+ Fuel cost adjustment	0.177	0.258	
Unit cost, excluding standing charges:—	3.277	3.608	10.1
Industrial maximum demand (low voltage)			
Basic price	1.590	1.730	8.8
+ Fuel cost adjustment	0.177	0.258	
Unit cost, excluding other elements of charge (one of which has increased by 50%)	1.767	1.988	12.5

Today's Events

GENERAL

Provisional figures for October unemployment and unfilled vacancies.

TUC leaders meet Ministers again for talks on a new "understanding" that might replace strict application of 5 per cent pay limit.

President Carter expected to unveil his "Phase Two" anti-inflation programme—possibly in a television address.

General Council of British Shipping reply to National Union of Seamen claim.

BL Cowley factory expected to resume production of Princess and Maxi cars.

Lord Kearton, chairman of British National Oil Corporation, is guest speaker at Foreign Press Association luncheon, 11, Carlton House Terrace, London.

Estate agents open bids for sale of Staffa (Fingals Cave Island), Edinburgh.

Half-yearly Organisation for Economic Co-operation and Development export credits meeting continues in Paris—U.S. expected to propose changes to International Consensus on Export Credits.

Mr. Teng Hsiao-ping, Vice-Premier of China, continues visit to Tokyo in talks which include a formal exchange of instruments of ratification of the recently signed Sino-Japanese Treaty of Peace and Friendship.

European Parliament in session to consider £8,682m draft Community Budget for 1979.

Two-day "clinic" on How to Tackle Japanese Markets opens at County Hall, Barnsley, South Yorkshire.

Statement by British Council of Churches after assembly meeting.

Mr. Merlyn Rees, Home Secretary, and Mr. Edward Heath, MP, give Berwick and East Lothian by-election speeches.

Westminster Chamber of Commerce presentation to 18 member companies who won Queen's Award, Hamilton Gallery, W.1, 6 p.m.

PARLIAMENT

Both Houses reassemble after the summer recess for prorogation.

COMPANY RESULTS

Final dividends: City and Construction Holdings. Ductile Steels. Paterson Zochonis. Interim dividends: Associated Leisure. Booth (International Holdings). English National Investment. Estate Duties Investment Trust. B and L. Nathan. Walter Runciman. Scott and Robertson. Tozer Kemsley and Millbourn (Holdings). Interim figures: Savoy Hotel. Xerox Corporation.

COMPANY MEETINGS

Australian and International Trust, 120, Cheapside, E.C., 4. Cray Electronics, 116, Pall Mall, S.W., 12. Crosby House, Great Eastern Hotel, E.C., 11. F and C Eurotrust, 1-2, Laurence Pountney Hill, E.C., 12. ML Holdings, Chartered Accountants' Hall, Moorgate Place, E.C., 12. McLeod Russel, Victoria House, W.C., 12. Ricardo Engineers (1927), Kettners, Romilly Street, W., 12. Romal Tea, 5, High Street, E.C., 11.

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LOCATION OF OFFICES BUREAU

FT2

COMPANY NEWS + COMMENT

Mothercare hit by heavy U.S. losses

HEAVIER LOSSES in the U.S. have hit first half results of Mothercare, which at the pre-tax level show only a 9 per cent rise to £7.02m.

In the UK profits in the six months ended September 23, 1978, rose by 24 per cent to £7.29m and in Europe by 36 per cent to £0.78m but this performance was overshadowed by the U.S. loss which climbed from £33,000 to £1.06m.

In the period one new store in Kettering has been opened bringing the UK total to 172. Europe remained unchanged at 17 stores. In the U.S. two Mother-To-Be stores were closed as planned and nine new Mothercare stores opened bringing the the total to 145.

Total sales in the half-year improved from £49.94m to £61.6m.

Sales in the UK increased by 20 per cent to £49.93m and in the U.S. by 30 per cent to £4.21m while sales to Europe rose by 52 per cent to £7.47m.

Total exports for the six months were up from £4.73m to £5.99m of which £3.09m (£2.95m) were despatched to group companies overseas.

After tax up from £3.39m to £4.19m net profit fell by 7 per cent from £3.04m to £2.82m.

The net interim dividend is increased from 1.018p to 1.136p. In addition there is a net deferred final in respect of 1977/78 which brings the total for that year up to 2.92165p. The profit for 1977/78 was a record £13.88m, after U.S. losses of £0.28m.

	First half 1978-79 £000	1977-78 £000
Sales:		
UK	49,929	41,787
Europe	7,468	4,906
U.S.	4,210	3,248
Total	61,604	49,943
Profit before tax:		
UK	7,291	5,892
Europe	791	574
U.S. loss	1,057	33
Total	7,025	6,433
Tax	4,197	3,365
Net profit	2,818	3,019
Dividends	731	673

The group sells everything for the mother-to-be, her baby and children up to the age of 10.

See Lex

INDEX TO COMPANY HIGHLIGHTS

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Improvement by Dualvest to £362,000

Revenue of Dualvest improved from £334,528 to £302,390 for the six months to September 30, 1978, before tax of £230,220, against £211,770 last time. At half-time net asset value per £1 capital share was up at 398½p, compared with 347.75p at March 31 year-end.

The net interim dividend is raised to 2.538p (2.353p) per 50p income share. Last year a total of 4.633p was paid from record revenue of £669,000.

Gross income for the half-year was £31,096 better at £302,421.

Talbex £150,000 higher

PRE-TAX profit of the acquisitive Talbex Group rose from £426,000 to £573,000 in the July 31, 1978 year on turnover up from £8.51m to £11.13m.

In the year the group acquired James Warren and Company although no material benefit to profit was expected this year from the purchase. Also, as of July 31 the group took over Skelton Group and directors say that if Skelton figures had been included for the year pre-tax profit would have been £250,000 higher and turnover £2.66m ahead. This is after allowance for the notional charge on the £500,000 cash element of the takeover. They say that profits for the four months to July 31 at Skelton are on target for the £300,000 forecast by the vendors for the March 31, 1979 year. Talbex is now pursuing Hoskins and Horton.

The profit for the year is subject to tax of £103,000 (£86,000) less prior year items of £84,000 (£123,000), which leaves a net charge of £19,000 (£37,000 credit). The figures have been adjusted for SSAP 15.

Earnings per share are shown at 2.77p (2.52p) and the dividend is raised from 0.27489p net per 5p share to the forecast 0.55p.

Directors say the contract packaging division profit increased 74 per cent to £403,000 in the year, and overall they look forward to further progress in the current year.

At year end, including Skelton, net assets per share were 12.78p (7.96p). Professional valuations of most group properties as at balance date have been incorporated in the accounts.

Lowland Inv. earnings up

Earnings per 25p share of Lowland Investment Company improved from 2.34p to 2.63p in the year ended September 30, 1978. And the dividend is being raised from 2.1p to 2.5p net, with a final of 1.6p.

Gross income rose from £385,964 to £477,513, subject to interest £120,030 (£103,699), management expenses £28,118 (£25,620) and tax £121,995 (£97,881).

Net assets value per share is shown at 73.7p (66.2p assuming full conversion of the loan stock).

Myddleton Hotels progress

SECOND HALF profits of Myddleton Hotels increased from £185,244 to £241,303 taking the total for the year to June 30 1978 up to £570,303 compared with £435,244.

As forecast and with Treasury consent the dividend total is stepped up from 4.65p to 6.66p, with a final of 4.02p. The 1977-78 total is on capital increased by the purchase of Linton Lodge Hotel.

Providing for tax of £235,967 (£152,272) the year's net profit emerges at £234,336 against £280,972 giving earnings per 50p share of 24.13p (23.83p).

	1977-78 £	1976-77 £
Group profit	577,468	443,303
Interest	7,165	12,059
Profit before tax	570,303	435,244
UK tax	235,967	152,272
Net profit	334,336	280,972
Extraordinary item	—	178,690
Preference dividends	2,310	2,318
Ordinary dividends	99,329	54,371

Fortnum & Mason denial

Half a million pounds was added to the market value of Fortnum and Mason, yesterday. The share price jumped 110p to 880n valuing the company at £3½m, but a spokesman for the family interests which control 85 per cent of the share denied any intention of a bid for the remainder.

The chairman, Mr. Garfield Weston, died on Sunday.

Fortnum, which runs the world-famous Piccadilly department store, is ultimately controlled by Wittington Investments, the Weston family's holding company which also controls Associated British Foods and George Weston in Canada.

The spokesman said yesterday that Fortnum and Mason had been "a publicly quoted company for some years and the family had no intention of changing that status." The family was very happy with the company which last year doubled its pre-tax profits to £1m on a turnover of £8m.

Highland Distilleries upsurge

WITH THE second half showing a rise of £457,000 to £2.37m, profits of Highland Distilleries Company advanced £722,000 to £4.08m for the year ended August 31, 1978.

The directors report that sales of new and mature whisky compare favourably with last year. The Famous Grouse continues to make excellent progress both at home and abroad.

Plans have been approved to expand Glenrothes Distillery with the additional capacity due to come on stream in 1980.

On the basis of the revised policy of accounting for deferred tax, the tax charge is reduced by £1.95m (£1.34m), to give earnings of 13.7p (11.95p) per 20p share.

The final dividend is 2.224p for a net total of 3.224p, against 2.8872p. And a one-for-one scrip issue is proposed.

	1977-78 £000	1976-77 £000
Turnover	42,617	38,200
Investment income	430	461
From development grant	33	56
Depreciation	394	374
Interest paid	377	476
Profit before tax	4,076	3,354
Taxation	†59	296
Net profit	4,017	3,058
Dividend	329	739

† Reduced by £1.95m (£1.34m).

● comment

Highland's 21 per cent pre-tax profit increase could well mark the start of a strong growth phase covering the next four to five years. Hidden in the figures is the strength of its "Famous Grouse" brand marketing drive. The brand is now the third best seller in Scotland but is only just starting to make its presence felt in the much larger market of England and Wales. Promotion and distribution costs are such that, at current volumes, Highland is making losses in England. These losses are, however, less than those made a year ago and in 1978/79 it is expected to break even. It is unlikely that the company can maintain its 41 per cent volume growth (growth for the industry as a whole in the same period is around 3 per cent) but, following the marketing drive the company should be in a happy position. The shares jumped 7p to 147p yesterday giving a p/e of 9.2 and a yield of 3.3 per cent.

Trevor Humphries

Mr. Jack Dickman, chairman and managing director of Fidelity Radio.

Fidelity Radio up 29% in first half

FOLLOWING AN enlargement of its range of products, particularly in the music centre field, sales of Fidelity Radio rose nearly 24 per cent to £8.85m, with taxable profits up 28.6 per cent from £490,000 to £630,000 for the six months to September 30, 1978.

The present level of consumer spending suggests that sales will continue to rise, and current indications are that the full year's results will be an improvement on last year, the directors state.

When reporting on £1.81m profits from £18.4m sales for 1977-1978, the directors said that with signs of a resumption in consumer spending, they looked forward to a return to greater profitability—in 1973-74, the company achieved peak £2.21m profits.

After tax of £328,000 (£254,000), half-yearly net profits advanced from £236,000 to £302,000. The net interim dividend is lifted to 1.443p (1.293p) per 10p share, costing £122,000 (£109,000)—last year's final was 3.834p.

● comment

In spite of lower exports, Fidelity Radio's first half profits are 28 per cent higher, thanks to the sharp improvement in UK consumer spending since April and an average 4.5 per cent price rise from May. At home, sales jumped by a third with strong demand for music centres, which now contribute around 44 per cent of group turnover, compared with a third last time. Portable radios were disappointing, however, with sales around eight per cent lower, no doubt reflecting a saturated market and intense foreign competition. Exports suffered a 16 per cent downturn to £1.25m, mainly because Nigeria stopped importing audio units in April. This problem has now been solved through a deal with a local company which will import components from Fidelity and assemble units on the spot. Meanwhile, the company says there are a number of price rises in the pipeline for certain Japanese products, and this should make its equipment more competitive. Group sales in October have been at record levels and if this pattern continues, the company is on target for at least £1.7m for the year. At this level the prospective p/e is 9.2 at 90p, while the yield is 9.5 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bishopsgate Trust	int.	2.2	Dec. 9	2	—	6.25
Dualvest	int.	2.56	Nov. 30	2.35	—	4.64
Fairview		3.81	—	3.4	6.31	5.65
Fidelity Radio	int.	1.44	Jan. 12	1.29	—	5.13
Highland Distillers		2.22	—	2.09	3.22	2.89
Lowland Inv.		1.6	Dec. 18	1.3	2.5	2.1
Mothercare	int.	1.14	Jan. 2	1.02	—	2.92‡
Myddleton Hotels		4.02	—	3	6.66†	4.65
Outwich Trust	int.	0.6	Dec. 1	0.5	—	1.53
Pengkalen	2nd int.	1.5§	Jan. 6	3	—	6.5
Pochin's		4.27	Dec. 8	3.74	5.15	4.61
Pressac		2.08	Dec. 8	1.85	3	2.69
Talbex Group		0.55	—	0.27	0.55	0.27

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.02884p now payable. § Making 2.5p (4p) to date.

Dunbee-Combex-Marx to meet major holders

A MEETING has been arranged for Friday at which Dunbee-Combex-Marx, the toymaking group, will explain to major shareholders the £2.96m first-half 1978 loss.

This was confirmed yesterday by Grieveson Grant, the company's brokers, who said that the meeting had been arranged at short notice "to produce some sort of liaison between the company and its major shareholders."

A spokesman said that the venue still had to be finalised.

Over the weekend it was confirmed that a number of institutional shareholders had asked for clarification of DCM's position. In 1977 the company made pre-tax profits of £0.4m (£3.9m).

The first-half loss, announced last week, came just three months after the company forecast that 1978 profits were expected to be more in keeping with past profit performance. DCM now predicts lower profits for 1978.

Lunuva Tea sees revenue increase

Revenue before tax of the Lunuva (Ceylon) Tea and Rubber Estates amounted to £58,227 in the first nine months of 1978 and the directors expect the total for the year to exceed the £98,546 achieved in 1977.

The directors point out that the revenue figure of £95,633 for the nine months to September 30, 1977, is not comparable. Special dividends were received from the subsidiaires of Harrisons Malaysian Estates in June, 1977, and a substantial second interim in lieu of a final will be received from Harrisons this month.

After tax of £10,030 earnings per share are shown at 4.59p. In the corresponding nine months the tax charge was £33,925 and earnings per share, 7.23p.

Valuation of investments and net current assets amounted to £2.86m (£1.79m) and net asset value per £1 share is 334.38p (210.41p).

As already advised compensation was agreed by the Government of Sri Lanka in respect of the group's cultivated acerage at the flat rate of £42.30 per acre payable in ten instalments. The third and fourth instalments of compensation totalling £80,478 were received during the nine-month period.

The group is a subsidiary of Harrisons and Crosfield.

Advance for Alliance Property

With turnover well ahead from £3.02m to £5.38m pre-tax profit of Cavenham subsidiary Alliance Property Holdings advanced from £708,000 to £501,000. In the March 31, 1978, year. Last time the profit came after a £749,000 provision against property held for disposal.

After a tax credit of £295,000 (£130,000 debit) attributable profit came out at £1.1m against £578,000, before extraordinary credits of £582,000 (£526,000).

APH's subsidiary Alliance Property Company showed the same turnover in the period but pre-tax profit was £1.13m against £1.04m. Again last time there was a £749,000 provision, and the tax credit this time was £165,000 (£86,000 debit). Attributable profit was £1.31m (£0.96m) before extraordinary credits of £564,000 (£490,000).

Lockwoods Foods acts to improve growth

SUITABLE ACTION has been taken at Lockwoods Foods to counteract adverse trends and improve overall trading results, says Mr. P. B. Lockwood, the chairman, in his annual statement.

Although directors are confident of the future there remains an element of uncertainty in the current year with certain varieties of canned vegetables. Maintenance of profitability must depend in some degree on the directors' expectations of an improvement in the ensuing months. "All our previous experience leads us to believe that market conditions can change appreciably in the near future," he adds.

As already known, for the year ended May 31, 1978 pre-tax profits were little changed at £2.25m (£2.24m), on turnover of £47.71m (£48.68m).

In the year, the group packed record quantities of certain seasonal vegetables, and although forward sales were also at peak levels, during the latter half despatches to its customers fell below contracted quantities primarily owing to a heavy acreage of fresh vegetables followed by high yields.

Mr. Lockwood reports that the situation has not yet fully adjusted itself and is reflected in the group's current higher stock levels, £14.14m (£9.4m) at year-end. But lower acreages this year followed by yields below normal, leads the directors to believe the situation will improve.

The group has decided to cease production at its Liverpool canned meats factory, John A. Hunter at the end of November with a view to a sale of the premises next spring. This followed a deterioration in demand over some years with efforts to diversify having failed to stem this trend.

The meat processing subsidiary in Holland continues to trade successfully and the group has recently extended its Continental meat activities to northern France on a management contract. This contract will be followed by later purchase of the managed company or its assets.

Also, plans are in hand to enter the frozen meats market in conjunction with the group's existing frozen vegetable operation at Goole, states the chairman.

During the year, the South African pineapple canning company was reinforced by the purchase of farms which will supply a substantial part of its raw materials and should make it a more viable unit, Mr. Lockwood adds.

At balance date, group bank borrowings doubled from £4.4m to £8.82m.

Meeting, Spalding, November 14, noon.

Graham Wood offshoot changes hands

A new company, Amsteel Structural, has agreed to purchase the structural steel business of Graham Wood Structural from British Steel Corporation for an undisclosed sum of less than £1.5m.

The deal marks the return to the private sector of the structural engineering side of Graham Wood Steel. GWS was a public company that was taken over by BSC early this year. BSC was mainly concerned to obtain the steel stockholding side of GWS.

The new company is headed by previous directors of GWS, Mr. D. J. Titchener and Mr. P. G. Foster. The authorised and issued capital of £1.5m has been supplied by five investing institutions, clients of Edinburgh merchant bank, McNeill Pearson, and the company's executives. "This is the first time, as far as I know, that a structural steel business has been formed with this sort of mix of shareholders," said Mr. Titchener yesterday.

He said he hoped that other small- to medium-sized structural engineers would join the new company. There was a great need for a grouping of such companies which would have a spread of locations and skills, greater strength in the market place and a broader base on which to support overheads.

The ultimate target would be for the group to go public, he said.

RAWLINGS BROS.

The Goode Durrant and Murray Group offer for Rawlings Bros. has received acceptance of 1,309,673 shares (83.7 per cent of the shares under offer).

The offer is extended to November 3.

IN BRIEF

CHANNEL TUNNEL INVESTMENTS—Pre-tax profit half year to June 30, 1978, £3,297 (£1,614). Tax £1,583 (£1,518).

FINANCE AND INDUSTRIAL TRUST—Turnover £175,138 for year to July 31, 1978 (£193,727). Profit £102,299 (£100,394) before tax £41,912 (£47,395). Earnings per share 2.34p (2.05p).

LIDSTONE (retail butchers and property investment)—Turnover for year to July 15, 1978 £825,795 (£758,296). Pre-tax profit £29,860 (£25,157). Tax £9,567 (£12,909). Dividend 1.05p (same). Earnings per share 4.6p (5.4p).

LONDON AND STRATHCLYDE TRUST—For year to August 31, 1978 gross revenue £575,643 (£618,254). Net revenue £260,327 (£195,331) after all charges including tax of £162,558 (£140,873). Earnings per 25p share 1.51p (1.35p) net asset value per share 42p (32p). Final dividend 1.125p net making total 1.6p (1.375p).

M & G MIDLAND AND GENERAL TRUST FUND—Final distribution on income units for period October 17, 1977, to October 15, 1978, will be 4.629p net per unit (4.008p last year), payable on December 15. Total distribution for the year amounts to 5.029p net per unit (6.808p).

NEW LONDON PROPERTIES—Pre-tax profit for half-year to June 30, 1978, £451,069 (£42,654). Tax £232,600 (£220,607). Interim 2.5p (same).

SANDERSON MURRAY AND ELDER (HOLDINGS) (topmakers and woolcombers)—Results for the year to June 30 1978, reported October 6. Group fixed assets £209,054 (£649,005). Net current assets £1,207,924 (£867,761). Meeting, Bradford, on November 15 at 12.15.

M and G TRUSTEE FUND—Distribution on income units for period ended October 15, 1978 will be 3.669p net per unit (3.191p), payable on December 7. Total distribution for this and the previous half-year amounts to 7.456p net per unit, compared with 6.644p for the similar period last year.

TRANSATLANTIC AND GENERAL INVESTMENTS—Pre-tax revenue £93,561 (£91,552) including profits of investment dealing subsidiaries for six months to September 30, 1978, tax £41,081 (£42,559). Interim 2.5p (2.25p) net, and directors forecast final of at least 2.5p which will make a total of 5p (4.5p), an increase of 11 per cent. Revenue does not accrue evenly throughout the 12 month period and reserves are, in any case, fully adequate to justify forecast of an increase in dividend for the year, directors state. Asset value at half year including 100 per cent of the dollar premium, was 153.1p (102.8p) per £1 share.

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Fairview Estates Limited

PRELIMINARY STATEMENT
YEAR ENDED 30th JUNE, 1978

	Year ended 30th June, 1978	Year ended 30th June, 1977
	£'000	£'000
TURNOVER	22,775	19,698
Rental income and residential development	3,131	2,123
Taxation	141	38
Profit after taxation	2,990	2,085
Dividend on Ordinary Shares		
Interim	2.500p	2.250p
Final	3.807p	3.398p
Total	6.307p	5.648p
Amount absorbed by Dividends	678	608
Earnings per share	27.8p	19.4p
Net Asset Value per share	162p	85p

DIVIDEND

The final dividend proposed by the Directors of 3.807p per share is the net payment to shareholders. Taking into account the tax credit available to United Kingdom shareholders, the total dividends paid or proposed represent a total of 9.413p, a 10% increase upon the previous annual rate of dividend. The final dividend will be, subject to approval by the members, paid to those shareholders on the register at the close of business on 10th November, 1978.

PROFIT & PROSPECTS

A profit for the twelve months to the 30th June, 1978 of £3.1m was achieved. No sales of industrial property or building land took place during this period.

Net assets at June, 1978 were £17.4m, 162p per share. (1977, £9.1m, 85p per share.) The improvement stems from earnings of the year and the re-valuation of the Company's completed investment estates. Partially developed estates, although substantially rent producing have not yet been re-valued.

The contracted Rent Roll on investment properties is now £1.85m, an increase of over 60% on the last 12 months.

The industrial development programme currently includes the construction of new Phases, at a strictly controlled rate, on sites in Dunstable, East London, Hayes, West Thurrock, Rainham and Park Royal.

Several major letting negotiations are presently in hand and a considerable number of rent reviews fall due on the existing investment portfolio during the current year. It is confidently anticipated, therefore, that a further substantial increase in the rent roll will result from these sources.

It is envisaged that a re-valuation of the balance of the Company's portfolio, not as yet carried out, will reveal a considerable surplus over current book value adding significantly to the underlying asset backing of the Group.

House sales are proceeding at a satisfactory rate. The improved margins previously forecast are now showing through in trading profits. It is not our intention to withdraw from the housing industry completely. This will in future be a controlled part of our activities with limited financial exposure.

Restructuring of the borrowing facilities has been substantially achieved. £14m is now secured for periods ranging from 5–25 years.

This is an important part of the conversion of your Company from Housebuilder to Property Development/Investment Company.

D. J. Cope
Chairman

23rd October, 1978

Rentals account for 60% of Fairview profits

TER TAX of £141,000 against ,000 previously profit of irview Estates advanced from 99m to £2.99m in the June 30, S year. Turnover was ahead m £19.7m to £22.78m and ital and residential develop-nt income was £3.13m npared with £2.12m.

Ir. D. J. Cope, the chairman, s no sales of industrial perty or building land took ce in the period and that the tracted rent roll on investment perties is now £1.85m, an rease of more than 60 per cent the last 12 months.

. further substantial increase rent roll is expected as several jor letting negotiations are rently in hand and a consider-e number of rent reviews fall on the existing investment tfolio in the current year.

fe says house sales are ceeding at a satisfactory rate the improved margins ecast are now showing through trading profits. The group, ough converting itself from a sebuilder to a property elopment-investment concern, not withdrawing from this ustry completely, Mr. Cope s. This area will in future be ontrolled part of its activities h limited financial exposure. restructuring of its borrow- facilities—£14m is now ured for periods ranging from to 25 years—is an important t of this conversion.

t balance date total net assets he group were £17.4m (£9.1m) resenting 162p (85p) per share. s improvement stems from ined profits and a revaluation its completed investment estates. Partially developed estates, although substantially rent producing, have not yet been revalued. It is anticipated that a revaluation of the balance of the group's portfolio will reveal a considerable surplus over book value.

Fairview's industrial development programme currently includes construction of new phases at a controlled rate on sites in Dunstable, East London, Hayes, West Thurrock, Rainham and Park Royal.

A final dividend of 3.807p takes the total for the year from 5.648p to 6.307p, which will absorb £678,000 (£608,000). Earnings per share are shown at 27.8p against 19.4p last time.

● John Brennan, property correspondent, writes: Fairview has been trying for years to convince the market that it is an industrial estates developer rather than a housebuilder with industrial estates. This year's annual accounts support its argument.

Just under 60 per cent of the group's £3.13m pretax profits for the year to the end of June, 1978, come from commercial property rentals. And a partial revaluation of investment properties boosts net assets from £9.1m, 85p a share, to £17.4m, 162p a share. For the first time the industrial estates division emerges as the core of the group, a stable, strongly reversionary earnings base now supplemented by the housebuilding business which, as the market for its £15,000 to £20,000 houses remains strong, Fairview is happy to build-out rather than simply sell off its 4,000-plus house land bank.

Fairview's balance sheet reflects the changing shape of its business. With the revalued industrial properties as security the group has been able to restructure its £22.3m net borrowings. 60 per cent of which are now long or medium term. The balance is split 4 to 6 between short term finance for the completion of mainly pre-let industrial property developments, and housebuilding work-in-progress.

Looking ahead two years the group expects to retain its housebuilding business, despite recent offers for the operation as a whole, and for individual building sites. Beyond that, the industrial investment/development operation is expected to increasingly overshadow the housebuilding side.

Talking of the future yesterday directors of Fairview were seriously tossing around the possibility of an eventual hiving-off of the residual housing operation, leaving a simple industrial property group without the hybrid image that has kept the shares amongst the market's speculative stocks.

Fairview's keen interest in tax avoidance schemes has brought a number of tax-loss companies within the group structure in recent years. A number of additional tax-loss purchases in the next few months are expected to keep the actual charge to the point where Fairview will retain a sub-normal tax charge for the foreseeable future. Tax took just 4.5 per cent of the 1977-78 profits.

Pochin's lower in second half

FOLLOWING the £243,056 first half jump to £430,740 pre-tax profit at Pochin's fell by £102,000 in the second half to leave the total for the May 31, 1978 year at £703,182 compared with £562,164 previously.

Mr. C. W. Pochin, the chairman, says that while it perhaps would be optimistic to expect profitability to be maintained in the current year at the present record level, he says he is at least hopeful that the group will be able to produce results comparable with previous years.

On the year just ended, he says the group companies performed creditably considering the pressure on margins in the construction industry in the period.

The gro.p now has a stronger workload than it did at the same time last year, and while development projects have been slow to mature it now seems imminent that some of these projects should commence.

At halftime the chairman said results reflected the significant contribution to profits arising from a development which had just been completed.

Turnover for the year was £12.95m against £10.92m and after tax of £434,009 (£330,591) net profit was £269,173 (£231,573). Earnings per share are shown at 25.88p (22.27p) and the dividend total is taken from 4.611915p to 5.149972p with a final of 4.274972p net per 25p share.

Mr. Pochin says that the new rules in respect of dividend restraint do not apply for accounting periods prior to July 31, but the dividend is increased by the maximum permitted amount.

BOOTHAM SCRIP

A scrip issue of one-for-one is proposed by Bootham Engineers, but the directors say this is not to be taken as an indication that the Board is in a position to recommend any increase in the dividend, even if this was permitted by legislation.

It is the Board's intention that the significant investment programme of recent years will continue and this will require a large measure of capital retention.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Associated Leisure, Booth International, English National Investment, Estate Duties Investment Trust, B. and I. Nathan, Walter Runciman, Scott and Robertson, Tozer Kemsley and Millbourn.

Finals—Assam Trading, City and International Trust, Ductile Steels, Paterson Zochonis, Preteria Portland Cement, Renong Tin Dredging.

FUTURE DATES

Interims—	
Aberdeen Investments	Nov. 8
Ash Spinning	Nov. 9
Avana	Oct. 31
P.M.A.	Oct. 33
Peerage of Birmingham	Oct. 25
Silkolene Lubricants	Oct. 27
Finals—	
Concentric	Nov. 13
Ellis and McHardy	Oct. 25
National Bank of Australasia	Nov. 9
Priest Marians	Oct. 28
Smart (J.) (Contractors)	Oct. 25
Thorne (F. W.)	Oct. 26

Pressac climbs to over £1m

AFTER A rise from £334,241 to £476,110 at midway, pre-tax profits of Pressac Holdings climbed to a peak £1,012,621 for the year ended July 31, 1978, compared with £660,526 last time which included losses of £142,678 from the now closed German manufacturing operation.

Full year sales increased from £6.36m to £7.89m and the directors say the figure in the current year is at a record high.

Stated earnings per 10p share more than doubled from 6.47p to 14.57p and a final dividend of 2.0788p lifts the total payment to the maximum permitted 3.0012p (2.6877p) net.

After tax of £416.979 (£397,322), minorities, £4,604 (£4,524) and an extraordinary debit last time of £222,766, available profits jumped from £35,914 to £591,038.

The group's business is the manufacture of electro-mechanical components and precision engineering.

LOCKWOODS FOODS

Progress in a difficult year

Salient points from the circulated statement of the Chairman, Mr. Philip B. Lockwood.

- An Ordinary Dividend of 4.11996 pence is proposed which is the maximum permitted.
- We packed record quantities of certain seasonal vegetables and although forward sales were also at record levels, during the latter half of the year despatches to customers fell below contracted quantities due primarily to a heavy acreage of fresh vegetables followed by high yields.
- The meat processing company in Holland continues to trade successfully and we have recently extended our Continental meat activities to Northern France.
- Plans are in hand to enter the frozen meats market in conjunction with our existing frozen vegetable operation at Goole in North Humberside.
- We expect to have in operation a carbonated drinks plant at our Italian factory in time for the summer of 1979 which we anticipate will have a beneficial effect on the trading results in Italy.
- We are taking suitable action to counteract adverse trends and improve our overall results of which we are confident in the future, although in the current year there remains an element of uncertainty with some varieties of canned vegetables.

GROUP SUMMARY OF RESULTS	1978 £000	1977 £000
Profit before Taxation	2,251	2,241
Provision for Nett Taxation	1,148	1,146
Profit after Taxation	1,103	1,095
Earnings per Ordinary Share	18.56p	18.42p

Secretary and Registered Office: Long Sutton, Spalding, Lincs. PE12 9EQ.

Stoddard sees buoyancy coming back to home market

'hile it is too early to give any cation of the probable trading ilts in the current year, it is ent that some buoyancy is rning to the home market, Robert Maclean, the chairman Stoddard Holdings, carpet ıufacturer, says in his annual ement.

e says a major new range of et was introduced at a recent e fair and was exceptionally received.

the spring of 1979 Stoddard be acquiring the tufting plant Lyle Carpets, and will be ing a re-entry into tufted et manufacture. Sir Robert that as plant will require e rehoused no contribution xpected from this unit in the ent year.

: previously reported taxable it of Stoddard fell from £1.07m .71m in the May 31, 1978 year, ough there was no short-time king at group mills.

. balance date net current ts were £5.28m (£4.9m) and l assets £5.12m (£4.19m). re was a £339,000 (£700,000) iction in net liquid funds in year.

eeting, Eldersalie, Scotland, ember 14, at noon.

Outwich Trust profit up

rofit of Outwich Investment it increased from £886,904 to ,178 in the half year ended ember 30, 1978. This was ck after expenses of £51,830 ,517) and interest £144,090 ,333) but before tax of ,392 (£326,832). Gross revenue ured at £1.16m (£1.01m).

ie interim dividend is eased from 0.5p to 0.6p—the : for 1977/78 was 1.325p paid ı profits of £1.57m.

t assets value at September vas 74.31p (68.61p).

LAING SCHEME SANCTIONED

e scheme of arrangement in ection with John Laing's reconstruction has now been sanctioned by the High Court.

The scheme will become operative on October 27, on which date the two new companies arising from the scheme—John Laing and Laing Properties—will each announce their interim results for the six months ended June 30, 1978.

Turquands prepares appeal

The annual report of Sime Darby Holdings now issued gives no further explanation of the proposed sacking of auditors Turquand, Youngs and Company. The directors here repeat the assertion made in a statement earlier this month that the mooted replacement, Price Waterhouse and Company, "as one of the largest international firms of accountants" is better placed to meet the needs of the group.

Turquand, Youngs have already said they do not believe this to be the true reason. They claim that two other reasons have been given to them privately, although these reasons were also described by Turquand as "insubstantial in the extreme."

Mr. John Barney of Turquand, Barton, Mayhew and Co. said yesterday that he was disappointed Sime had not given "an argued and believable case" for the firm's dismissal. Turquand would now prepare its written appeal to shareholders, asking them to reject the Board's proposal. A decision had not yet been taken as to whether to reveal the two reasons for the dismissal given privately to Turquand.

The Sime accounts show that capital employed has risen from £193m to £255m and net borrowings from £19m to £29m. The chairman, Tan Slew Sin, gives no new indication of what the Singapore $475m (£111m) loan facility obtained a few months ago will be used for. "These facilities will be drawn down when required for the orderly financing of investments as and when opportunities occur," he writes.

The chairman also notes that the transfer of the place of incorporation to Malaysia is expected to be completed in 1979 and the transfer of the head head office to Kuala Lumpur is "almost completed."

"Further rationalisation has taken place in the management structure," he writes, "and, based on its inherent financial strength, the group is poised to expand further in its traditional fields of activity and the downstream development of these activities." Tan Slew Sin expects that 1978-79 will be "a further year of growth and development."

Bishopsgate Trust higher at six months

With gross income better at £671,470 against £564,562, net revenue of Bishopsgate Trust increased from £262,758 to £297,990 for the 6 months to September 30, 1978.

Revenue was struck after higher overseas loan interest of £163,268 (£106,565) and a tax charge of £160,773 (£151,427).

Earnings per 25p share are shown ahead from 3.09p to 3.34p and the interim dividend is stepped up to 2.2p (2p) net—last year's final was 4.25p from £540,517 revenue.

Winding-up orders for 68 companies

Orders for the compulsory winding up of 68 limited companies were made by Mr. Justice Brightman in the High Court yester- They were:

R. A. Onyett (Carpets), Valedene, General and Housing Finance, Rushquest, Orblet Construction Company, S.D.B. Insulations (Liverpool), Chaseman Wilby, Glitden, Camberwell Green Cash and Carry, Raygate Properties, Southern Counties Plastering (Crowborough), Trentina Securities, Walnut Investments, Hadarville Investments.

Maynard, Vigar and Partners, Oxford St. Staff Agency, Widecombe Properties, Wirratone, Dalt Transport, Duffco, Ellis and Howarth, Berendt Bros., Air and Welding Installations (Hull), Eamonn Sheridan Contracts, Emco Garden Company, Malthouse Decorations.

A and K Haulage, Checkavon, Wellington Fine Art Editions, Marshgate Builders, Tony Cheetle Associates, Heddon Exhibition and Trading Centre, Humidair Services, Jay Structural Developments, W. and J. Sagar (Holdings), Enco (Masonry), Everleigh Car Sales.

City Reproduction Furniture, Swanpike, L.C.M. (Transport Services), Juspalm, Bridsets, Fantasy Marketing (M.K.), Lefstor, Lilleshall Homes, Kingswood Development (Woking), Smalley Construction Company.

Thorrold and Salter Recruitment, F. T. Caple (Engineering) Gecon (Construction), Palmerston Furniture Co., M. J. O'Hara Plasterers, Peoples Overseas Domestics, Toneshire, Morrissey and Villette, J. T. (Glass), Reeds of Chesham (Fashionwear), Sweetvale.

Metrex Marketing Associates, Syd Morris Associates, Dirk Oil (Great Britain), Topglen Transport, B. N. A. Gowanbury, Monastar, Chalkley, Hall and Co., G. Rollinson and Co., Norman T. Burridge (Manufacturing Jewellers), and P. J. Barrett (Arundel).

Compulsory winding-up orders made against Thamesmead Chemists on October 9, and against E. J. Martin and Co. on October 16, were rescinded. Both petitions were dismissed by consent.

A compulsory order against Crystal-Bulk Food Centre made on October 9 was rescinded and the petition was struck out, the company having been already struck off in 1976.

An order against ABC Radio Taxi Services (Merseyside) on October 16 was also rescinded. The petition was adjourned for 21 days, with leave to amend the petition to restore the company and to wind it up.

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* Results fully justify the decision to reduce borrowings, develop existing hotels and expand into areas with a high tourist potential. Our latest acquisition, the Linton Lodge, in Oxford, has exceeded profit expectations. Expansion of the Abbey Park in York and the Beaufort in Bath will enable us to profit from the high occupancy of these hotels.
* Group Trading Profit before tax up by 31.6%.
* Recommended that a dividend of 20% gross be paid thus increasing the final dividend on the ordinary shares from 3.00 to 4.02p, making a total for the year of 6.66p net (against 4.65p last year).
* Our thanks are due to the Management and Staff for creating such a happy atmosphere throughout the Group.

	Year ended 30th June 1978	1977
Trading Profit before tax	£570,303	£433,244
Profit after tax	£334,336	£280,972
Profit after extraordinary item	£334,336	£457,662
Dividends	£101,633	£56,681
Profits retained	£232,703	£400,981
Earnings per share	24.13p	23.83p

f you would like a copy of the Report Accounts, write to the Company Secretary, Burlington Hotel, Eastbourne, East Sussex BN21 3YN.

MYDDLETON HOTELS

Linfood Holdings Limited

Successful adjustment in a difficult year

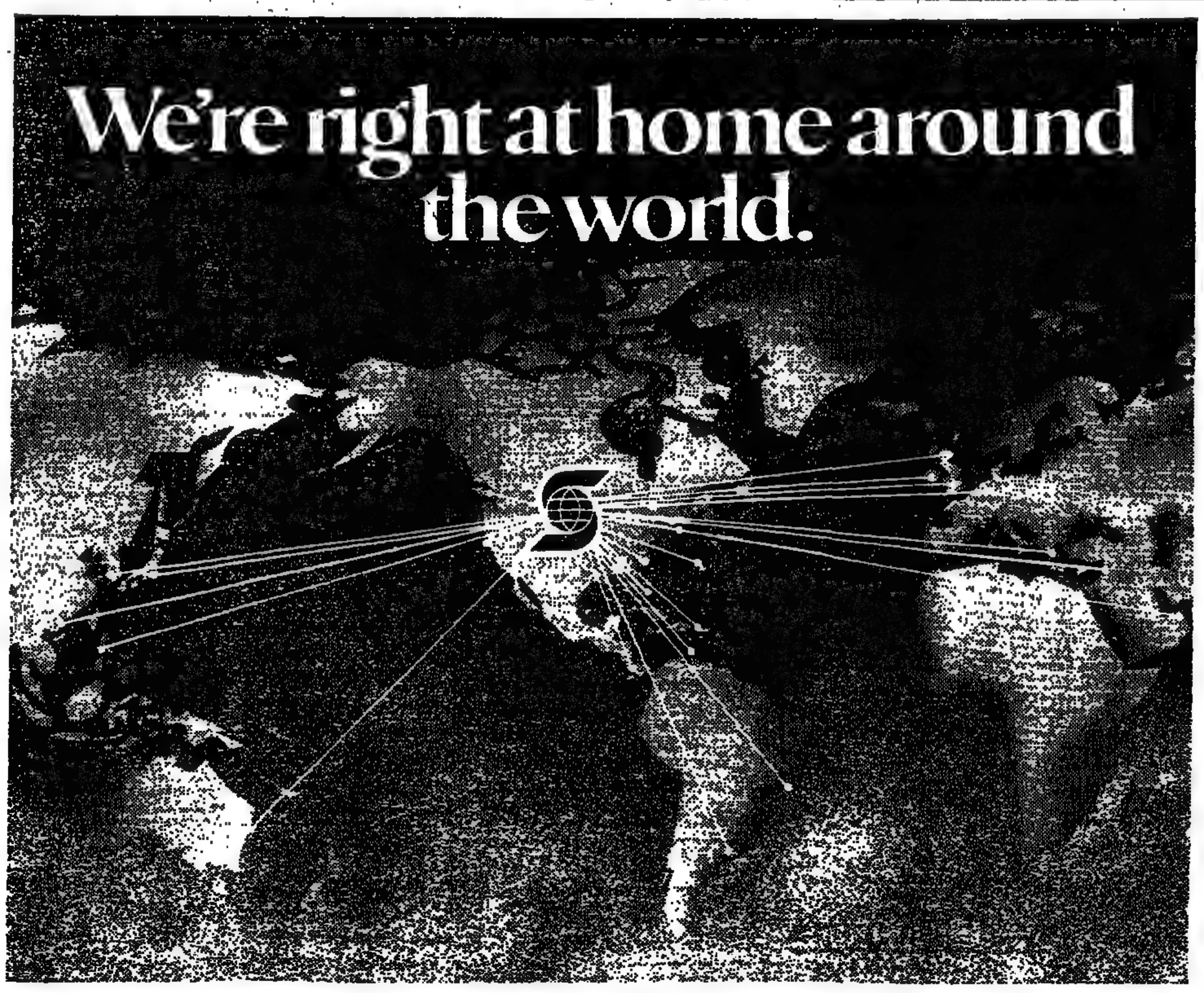
- £5·1 million profit, slightly down on last year's figures.
- Sales up by 11·4%.
- The net dividend has been increased from 8·495 to 9·3868 pence per share.
- The three main divisions of the company —Retail, Wholesale, and Cash & Carry— have increased their volume.
- Spar has maintained its market share despite intense price war pressures.
- Capital and reserves have increased and now exceed £23 million.
- We can look forward with confidence to the consolidation of our newly enlarged resources.

Results for the year ended 29th April 1978

	1978 £000s	1977 £000s
Sales	327,405	293,898
Profit before taxation	5,155	5,812
Earnings per ordinary share	24·8p	28·0p*
Dividends per ordinary share		
—net	9·3868p	8·495p*
—gross	14·08p	12·93p*

*The 1977 figures have been adjusted for the changes in share capital.

Copies of the full Report and Accounts are available from: The Secretary, Linfood Holdings Limited, P.O. Box 9, Wellingborough, Northants NN8 1LE.



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MINING NEWS

Oakbridge warns on export levy

BY KENNETH MARSTON, MINING EDITOR

A SUCCESS story of recent years in the Australian mining scene has been that of the Oakbridge coal mining and industrial group. Profits have been climbing to new peaks, rising by 16.1 per cent to a net A$7.84m (£4.6m) in the year to last June.

Mr. Grahame Mapp, the chairman, warns in the annual report, however, that results for the current year will be adversely affected by a levy on coal export shipments of A$1.10 per tonne. This has been imposed on all export tonnages from the southern, south-western and western coalfields to fund the diversion of coal from the congested Port Kembla loader to that at Newcastle.

Mr. Mapp says that the levy is a heavy burden on shipments of steaming coal in particular and it is hoped that measures being taken to increase throughput at Port Kembla and Balmain will reduce the amounts being diverted from these ports and thus enable an early change to be made to the present diversion policy.

But confidence remains the theme of the chairman's statement and he points out that from December, 1979, the Clarence Colliery will start production and "we should receive the first benefits from the coal expansion programme which will extend over several years."

The A$43m Clarence project is a joint venture between Oakbridge and British Petroleum. Under an agreement reached last year BP would contribute 82 per cent of the capital cost for a 50 per cent interest in the venture. Federal Government approval was given, but the New South Wales Government withheld its blessing pending guidelines governing the participation of overseas companies in mineral ventures in the state.

Subsequent publication of these guidelines required that overseas interests should be restricted to no more than 49 per cent. BP has since said that it would be prepared to accept a 49 per cent interest and in the meantime Oakbridge has been providing loan funds to the project. It is expected to start up at an annual rate of 600,000 tonnes, rising to 2m tonnes in 1982. Oakbridge shares were 131p yesterday.

PROFITS SURGE AT BETHLEHEM

Bethlehem Copper, the British Columbian producer, has reported its best net earnings since 1974. Net profits for the first nine months of this year were C$2.8m (£1.19m) against C$386,000 in the same period of 1977.

In the quarter to September, the profit was nearly C$1.5m, a sharp turnround from the loss of C$251,000 in the 1977 third quarter.

The improvement in the company's financial position is attributed to production from the new molybdenum recovery plant at the Highland Valley copper operation, a reduced need for waste stripping, better copper prices and the weakness of the Canadian dollar.

Copper production over the first nine months of the year was 31.4m lbs compared with 43.4m lbs during the same period of 1977.

The main shareholders in Bethlehem Copper are Cominco with 39.23 per cent, Newmont Mining with 22.84 per cent and Gulf Resources and Chemical with 25.77 per cent.

Denison earnings at record level

SALES AND earnings at Denison Mines, one of the major Canadian uranium producers, reached record levels during the first nine months of the year, reports John Soganich from Toronto. More money was made than in any previous full year.

Consolidated net income for the first three-quarters was C$34.3m (£14.5m), showing a 79 per cent increase from the C$19.1m earned in the same period of 1977. This follows a full year's income for 1977 of C$27.9m, which was a company record at the time.

Denison states that the increase in earnings was caused mainly by higher deliveries of uranium, more revenue from oil and gas operations and the sale of an interest in a British Columbian coal property to Gulf Canada.

Roman Corporation, whose chairman, Mr. Stephen Roman, is also chief of Denison, holds 31.5 per cent of the company. Another significant shareholder is Dome Mines which bought a 10.1 per cent stake last April.

ROUND-UP

The public issue of 29m. shares in Ashton Mining, the float-off of part of Malaysia Mining Corporation's stake in the Ashton diamond venture led by Conzinc Riotinto of Australia, opened and closed fully subscribed yesterday. Trading in the shares is expected to start in about two weeks and at present London brokers are expecting an opening price in the region of 80-90p. The shares were offered to the public at their par value of 50 cents (29.4p).

The only issue holding up agreement between Queensland Mines and local Aboriginal landowners about the development of the Nabarlek uranium deposit in the Northern Territory of Australia is the question of access to the sea, according to the Northern Land Council in Darwin. There are disagreements about the exact location of a port but a compromise is expected soon.

South Africa's gold production improved further in September, rising to 1,965,870 ounces from a restated 1,948,024 ounces in the previous month. The latest figure brings the nine-month total for the current year to 17,081,653 ounces compared with 16,877,326 ounces in the same period of 1977.

Elf seeks better viscous oil extraction method

ELF - AQUITAINE is urgently studying methods to improve the extraction of viscous oils following the drilling of a second successful well in the Adriatic.

Analysis of the well, Rospo 2, is still going on, but first indications are that it confirms the existence of sizeable deposits of viscous oil in the Adriatic, estimated in excess of 100m tonnes.

But the dense nature of the oil makes extraction extremely difficult at present and economically unattractive.

The problems of refining have been overcome, but extraction is too slow using present pumping techniques. Elf-Aquitaine, which has already encountered this problem in the Congo, is pressing ahead with experiments to discover ways of more successfully exploiting viscous deposits.

Elf heads a consortium including AGIP and other Italian and French interests which have been authorised by the Italian Government to exploit the Rospo field commercially.

* * *

Canadian Natural Resources has encountered natural gas and gas condensate in a well in Grayson County, North Texas, reports John Soganich in Toronto.

The well, considered by the company to be a major discovery, has been drilled to a depth of 16,620 ft on a lease block of approximately 6,000 acres. Canadian Natural Resources has a 12.5 per cent working interest in the well.

Analysis indicates a total pay section of more than 600 ft in the Viola formation and 45 ft in the Lower Oil Creek zone which flowed 2.5m cubic feet per day on a drill stem test.

After encountering mechanical difficulties in testing the oil creek, the well was completed in the Viola zone and is currently undergoing production testing.

Following testing in the Viola formation the well flowed at a rate of 2.7m cubic feet of gas a day and 648 barrels of condensate a day. Further development drilling will be scheduled after the initial well is thoroughly tested.

* * *

Royal Dutch Petroleum expects to continue discussions with Chinese officials about oil exploration off the China coast, according to Mr. D. de Bruyne, the company's president.

Returning from a recent European Community mission to China, Mr. de Bruyne said that Shell hopes to explore the possibility of production sharing agreements with the Chinese in conjunction with proposed offshore drilling projects.

The value of Shell's annual business with China is estimated at about $25m. The company buys oil, oil products and tin in exchange for fuel and chemical products.

In the future, China should be able to export at least 2m. barrels of oil a day. World production is currently estimated at 60m barrels per day, according to Shell.

* * *

Oil production in Dubai last year averaged 319,000 barrels a day, according to the official Emirates News Agency.

Dubai's oil is produced by Dubai Petroleum, a subsidiary of the Continental Oil Company. The agency said total production since it began in 1969 reached 600m. barrels by the end of 1977.

PLA changes its charges

MEASURES to make the Port of London Authority's docks more attractive to importers are included in a revision of the general import schedule which comes into effect on November 6.

The new schedule abolishes the basic charge which was regarded by importers as being unduly penal and introduces a new charge called the import service charge, which will be at exactly the same level as the present transit charge—half that of the basic charge—and will apply to all goods.

Importers will still be allowed the present free period to allow for lodgement of documents, customs clearance and arranging collection. After that, rent will be charged on a daily basis.

PLA believes that the new schedule removes the uncertainty caused by the previous two-tier system and will be more attractive to importers. Existing discounts for large importations will be doubled, from 10 per cent to 20 per cent and will be applied more widely.

Mini-computers register plan

A REGISTER of uses in industry of mini-computers and micro-processors is to be set up by the Institution of Production Engineers.

The idea is to put users in touch with each other so that common problems can be solved by co-operation.

Textile fire risks course

A JOINT course on flammability of fibres and textiles is to be run by the Shirley Institute and the Department of Chemistry and Applied Chemistry, University of Salford, from April 9-11.

Speakers from the two organising centres and invited speakers will lecture and practical demonstrations will be given.

BIDS AND DEALS

Baird urges acceptance: will not raise terms

Mr. Stanley Field, chairman of 'illiam Baird, yesterday uregd iareholders of Dawson International to exchange or realise ieir investment at a high point Dawson's profit cycle by accepting Baird's £31m share and cash fer.

He said that Dawson's business as cyclical and projected that e cycle was now turning down. The chairman of Dawson has ready warned shareholders in s statement last July that the iusually favourable conditions hich applied in the previous ar are unlikely to be exactly produced in the current year." Mr. Alan Smith, Dawson's chairan, has since indicated that hen a forecast of profits is completed shortly it "will not disappoint anyone."

"Obviously Baird's view is that Dawson is a good business, otherwise it would not have held its present stake over the year nor be making the present offers," Mr. Field said in a letter to shareholders. "Dawson combined with Baird would be a much more broadly based and effective group and would be less vulnerable to the volatility of Dawson's profits."

He added that Baird based its offers on a "careful assessment of the prospects of Dawson over a period of years" and, despite having ample reasources available would not increase the value of the offers. The cash alternative values Dawson shares at 190p while the share plus cash offer is worth 203p based on Baird's current middle market price of 185p.

The letter did not go into a detailed rebuttal of arguments raised in the Dawson defence document circulated to shareholders last week. On the crucial issue of the new dividend (Dawson directors forecast 14p compared with the present 3.75p). Mr. Field pointed out that in 1970-71 Dawson passed the final dividend and queried the security of the higher dividend during the next downturn in profits.

At a press conference he said that should Baird's bid fail to attract sufficient acceptances when it closed on Friday his company still had "the attractive alternative" of keeping its Baird investment.

Louis Edwards discussing future

Louis C. Edwards, the Manester-based meat group, yesrday revealed that it had ceived certain proposals garding the future development of its business, but ressed that these did not clude a general offer for its ares.

The group said that it made trading loss in the first half 1978 compared with a 15,000 profit for the same riod last year, but the trading sition had materially imoved in recent weeks.

The first-half loss was a result the adverse trading conditions at have prevailed throughout e meat industry. The group id that it was considering prosals about its future development with its financial advisers' -buthnot Chancery Trust.

Last year the group moved ck into the black with pre-x profits of £206,640 compared th the previous year's £144,476 ss.

The group has not paid a divind since 1973. Last year lwards said it considered it udent. "In the present uncerin climate, to retain funds in o company until our recovery consolidated."

In 1975 the group incurred a e-tax loss of £375,740.

In its last balance-sheet for 77, the group showed bank erdrafts of £1.28m against sh of £1,707 and shareholders' nds of £1.26m, excluding ferred tax of almost £350,000.

NDREW CHALMERS

Standard Commercial Tobacco Inc has agreed to acquire all e outstanding capital shares of ndrew Chalmers International, Kings Langley, for an unisclosed sum.

The majority of the share-olders of Andrew Chalmers will aceive cash for their holdings nd a minority will receive tandard Commercial Tobacco tock. As a result the minority olders of Chalmers will acquire o more than 3 per cent of the utstanding stock of Standard ommercial.

Chalmers is a processor of leaf bacco in India, Malawi, Tannia and Sri Lanka, exporting iose tobaccos to selected world arkets.

Under the terms, Standard ommercial will not acquire ialmer's Rhodesian subsidiaries.

GKN/STERN OSMAT

Mr. Roy Hattersley, Secretary r Prices and Consumer Protion, has decided not to refer e proposed merger between iest, Keen and Nettlefolds and e Stern Osmat Group to the onopolies and Mergers Comission.

GKN has received acceptances in respect of over 97 per cent of the ordinary and over 86 per cent of the preference shares. The ordinary offer is now unconditional.

STARWEST EXTENDS TRIDANT OFFER FOR SECOND TIME

Starwest Investment Holdings, one of the two contenders bidding for Tridant Group Printers has extended its offer for a second time

The group is bidding 83p for each Tridant share—compared with Argus Press Holdings' 100p a share bid—and has now extended its offer until November 10—and retains the right to extend this up to November 14.

Starwest which started with a 29 per cent stake in Tridant says that it has received acceptances taking its interest in Tridant to more than 46 per cent.

The Argus bid which has the backing of the Tridant directors values the group at £4.5m which compares with Starwest's offer valuing Tridant at £3.8m.

DRAKE AND SCULL

As from October 13, Banque Bruxelles Lambert SA disposed of its holding of £500,000 of 8.45 per cent "E" convertible cumulative redeemable preference shares 1983-90 in Drake and Scull Holdings.

Electra Investment Trust is now interested in £200,000 "E" preference shares, City of London Brewery and Investment Trust in £112,500, and International Trust in £112,500.

EXPANDED METAL

Expanded Metal has acquired Mitra (Plastics) of Oswestry, Salop, for £141,636 satisfied by £27,500 cash and 137,513 shares. Net assets at May 31, 1978 were £146,000 and profits for that year come to £44,638.

Mitra manufactures Meshlite, a translucent polyester/glass fibre flat sheet in which flattened expanded metal is embedded. Meshlite is an alternative to glass in vandal prone situations.

ROHAN GROUP DIRECTOR SELLS 31.8% HOLDING

Some two-and-half years after taking a 41 per cent stake to help the company through a serious liquidity crisis, Mr. Patrick S. Gallagher has disposed of his entire current 31.8 per cent holding in Rohan Group, Dublin-based industrial systems builder. He is also resigning as joint managing director.

Mr. Kenneth Rohan, the other joint managing director, has taken up 333,000 (7.3 per cent) of the shares bringing his personal holding to 29.9 per cent—the maximum permitted without triggering a full takeover bid. The remaining 1.11m (24.5 per cent) has been placed through Cazenove and Co. with UK financial institutions.

In excess of 25 per cent of Rohan's equity is now held by UK institutions. So far as the Board is aware no new holding exceeds 5 per cent.

Mr. Anthony Gallagher is also resigning from the Board, the directors state.

Mr. Rohan explained that Mr. Gallagher, who is managing director of Gallagher Group, commercial and housing developers and one of the largest private companies in Ireland, had never been involved in Rohan's management on a day-to-day basis and having become very tied up in his other activities at the moment he wished to realise his investment.

The group has plans to expand in the UK and sees benefit to be derived from the institutional holdings in future particularly when seeking to raise new funds Mr. Rohan commented.

It was in 1974-75 that Rohan Group felt the impact of the recession in the building industry with trading profits slumping from a 1974 peak of £473,000 to only £15,000. After a £384,000 write-off in land values it was left showing a pre-tax loss of £870,000.

Share stakes

Lawrie Plantation Holdings—Shares held by subsidiaries of company in Walter Duncan and Goodricke, Western Dooars Tea Holdings, Assam-Dooars Holdings and Bazaloni Holdings, have been transferred to Lawrie Plantation Holdings. Accordingly LPM is beneficial owner of 416,502 Walter Duncan shares (33.32 per cent) 453,396 Western Dooars (41.3 per cent) 438,052 Assam-Dooars (42.94 per cent) and 24,410 Bazaloni (9.76 per cent).

Following a group reconstruction, shares in Sogomana Group held by Jokai Tea Holdings and Longbourne Holdings were transferred to Lawrie Plantation Holdings which accordingly is the beneficial owner of 410,000 Sogomana shares (13.15 per cent).

Armitage Shanks—Ceramic Holdings SA of Panama, has acquired beneficially 1.54m shares (7.34 per cent). Assurances have been given that the holding is for investment purposes.

Singapore Para Rubber Estates—Kuala Lumpur Kepong Investments has bought 5,000 shares making interests 166,000 (6.36 per cent).

Inter City Investment Group—I. Wisbort, chairman, has a beneficial interest in 751,284 shares (8.1 per cent).

Ch. Goldrei Foucard and Son—Northern Foods has bought 47,000 shares making holding 289,500 (11.61 per cent).

Smith St. Aubyn and Company (Holdings)—On September 15 D. Mackinnon, director, sold 10,000 shares, held in the name of Founders Court Nominees, at 84p. On same date, he bought 10,000 shares in name of Castle Street Nominees, at 84p.

Chaddesley Investments—On October 17, MS (Registrars) sold 100,000 shares and remain interested in 996,847. These shares were held on behalf of a trust of which N. Fetterman, director of Chaddesley, is a trustee.

Haslemere Estates—Mr. D. M. Pickford, director, has disposed of 25,000 shares.

Jacksons Bourne End—Dawngrange has bought 2,500 shares making beneficial interest 296,500 (27.9 per cent).

Hickson and Welch (Holdings)—Prudential Assurance now holds 1,157,747 shares (5.08 per cent) as a result of recent sales.

Croda International — Sir Frederick Wood, director, on October 20, jointly bought with his wife 50,000 deferred ordinary. On October 18 D. Mather exercised an option for 25,137 ordinary and 2,315 deferred ordinary and E. W. Tyerman exercised option for 61,096 ordinary and 6,109 deferred. On October 20 D. Mather sold 25,137 ordinary and bought 4,745 deferred and E. W. Tyerman sold 61,096 ordinary and bought 6,825 deferred.

JFB/Mitchell Somers — On October 16 Johson Firth Brown sold 512,010 Mitchell Somers ordinary shares. This reduced JFB's investment in Mitchell Somers from 23.3 per cent to 20 per cent.

Yorkgreen Investments—Energy, Finance and General Trust has an interest in 235,000 new ordinary shares (nil paid) and if this holding is taken up in full this would represent an interest in the company's increased capital of 7.34 per cent.

New Equipment — Damery Products has sold 205,000 shares.

Chapman and Co. (Balham)—Morgan Grenfell Exempt Fund has acquired an interest in 150,000 shares (6.25 per cent).

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.

Index Guide as at October 10, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	129.65
Clive Fixed Interest Income	114.20

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.

Index Guide as at October 19, 1978

Capital Fixed Interest Portfolio	100.00
Income Fixed Interest Portfolio	100.00

● INSTITUTIONAL INVESTMENT

Home truths by the man from the 'Pru'

BY ERIC SHORT

Actuaries are not generally known for forthright speaking, except possibly on obscurely technical matters. But Mr. Peter Moody's presidential address delivered last night to the Institute of Actuaries contained a series of homilies to the Government, other fund managers and the critics of pension funding, as well as to actuaries. Perhaps being joint investment manager of Prudential Assurance—the largest life fund in the UK—had something to do with this comparative outspokenness.

Complex structure

Mr. Moody started by giving a plain man's guide to that complex structure, the UK capital market. In so doing he dismissed the fears expressed in many quarters that the weight of institutional money awaiting investment would result in a "money mountain" with too much money chasing too few investments. The changes in the rate of interest would always equate the supply and demands of funds and it would be wrong to assume that at some time there would be a shortage of equity-type investments. The only danger is that attempts by authorities to interfere with this pricing structure would achieve the very opposite to what it was intended to do and bring about a surplus of money.

After this warning to the Government, Mr Moody then defends the right of financial institutions to deciding their own investment strategy. In particular, he considered the accusations of "gilt-edged strike" were ill founded.

In the autumn of 1976 and again in the spring of this year, the institutions kept out of the gilt-edged market on the grounds that interest rates would rise and they could get better yields by holding off. This action brought about an interruption in the Government's funding programme and it was attacked by many people, including the Treasury, as being irresponsible and ensuring that interest rates would rise. The institutions were accused of being thoroughly irresponsible and not considering the economic well-being of the nation.

Mr. Moody was quite unrepentant in his defence of the action of fund managers, the first time that someone responsible has spoken up for them. Institutional investors did not act in concert to achieve some object, such as forcing up interest rates. Fund managers acted in isolation from each other and if such a well-informed body of people came independently to a common view that interest rates would have to be changed then the authorities ought to take notice. Mr. Moody regarded this action as an early warning system.

He pointed out that on both occasions, the fears of the fund managers concerning the economy had been justified. The economic chickens would have come home to roost even if managers had continued buying gilts in a blinkered fashion. Government policy would have been forced to take even more severe measures.

Consultation

This led Mr. Moody to call for a formal consultation between long-term investment institutions — the life companies and pension funds — and the government, to add to what already existed with the banks, building societies and others. The government had regular discussions with the TUC and CBI on future policy. Some aspects of this policy would produce far-reaching effects on the financial system. The lack of adequate consultation with long-term investors was an obvious gap.

Mr. Moody then turned his attention to the function of institutions in the affairs of companies whose shares they hold. As such, he was mildly critical of those institutions which did nothing in this field, labelling them as "absentee shareholders." Institutions were fulfilling a trustee role on behalf of those people whose funds were their responsibility. It, in his opinion, would be failing in this role if managers invested in risk capital but did not undertake the responsibilities that went with it, particularly in relation to the quality of management of the companies invested in. Institutions could not dispose of the problems by selling their shares.

Profitability

He went on to describe how institutional investors were well qualified to ensure that companies had capable management. Institutions had long-term objectives, they realised the importance of profitability, they did not interfere in day-to-day management. Institutions were often in competition with each other so that the decision making was well dispersed and the danger of power bloc forming was remote. Yet they had the capacity to keep well informed on a scale impossible to private investors.

His experience was that getting involved with company affairs would not impair the ability of managers to deal freely in the shares of those companies, even though the disclosure of price sensitive information meant that institutions could not act on this information. However, Mr. Moody did not enlarge on that apparent conflict of interests.

Finally, on the actuaries themselves, Mr. Moody dealt in some length with the quality of the underlying investment portfolio and the influence this would have on these actuarial decisions and work. He warned them of the dangers of overlooking the importance of income by concentrating on movement in capital values. As such he felt that investment in works of art, other than as short term speculation, carried dangers once the buying pressure was withdrawn. A similar happening occurred with the buying of fine clarets up to 1972. Once the market support was withdrawn, substantial losses were suffered.

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INTERIM RESULTS

(26 weeks – unaudited)

	29th Sept. 1978 £'000	24th Sept. 1977 £'000	Increase
Sales (excluding VAT)			
UK	49,928	41,787	20%
Europe	7,466	4,908	52%
USA	4,210	3,248	30%
	61,604	49,943	23%
Profit before Tax			
UK	7,291	5,882	24%
Europe	781	574	36%
USA	(1,057)	(33)	–
	7,015	6,423	9%
Tax			
UK	3,791	3,075	
Europe	406	310	
USA	–	–	
	4,197	3,385	
Profit after Tax	2,818	3,038	(7%)

Tax on U.K. sourced profits has been calculated at 52% (1977 52%).

★ The directors have declared an Interim Dividend on the ordinary shares of 11.36% (1977 10.18%), which is equivalent to 16.96% gross (1977 15.42%). It will be paid together with the net deferred final dividend for 1978 of .2884% (1977 .2625%) on the 2nd January 1979 to shareholders on the register at 27th November 1978. The net amount absorbed by both dividends is £750,686 (1977 £672,571).

★ The accounts of the European subsidiaries are for 26 weeks to 26th August 1978 (26 weeks to 27th August 1977) and those of Mothercare Stores Inc. (USA) for 26 weeks to 26th August 1978 (26 weeks to 2nd July 1977).

★ Total exports for the six months amounted to £5,987,000 (1977 £4,726,000) of which £3,994,000 (1977 £2,951,000) were despatched to the group companies overseas.

★ In the six months one new store has been opened in Kettering, bringing the total number in the U.K. to 172. Europe remained unchanged at 17 stores. In the U.S.A. two Mother-to-be stores were closed as planned and nine new Mothercare stores opened, bringing the total number of stores to 145.

Mothercare Limited

CHERRY TREE ROAD, WATFORD, HERTS, WD2 5SH

Austria · Belgium · Denmark · The Netherlands
Norway · Sweden · Switzerland · United Kingdom
United States of America · West Germany

New issue
October 24, 1978

This advertisement appears as a matter of record only

Nissan Diesel Motor Co., Ltd.
Tokyo/Japan

DM 80,000,000
3½% Deutsche Mark Convertible Bonds of 1978/86

Offering price:	100%
Interest:	3½% p.a., payable semi-annually on April 1 and October 1
Redemption:	October 1, 1986 at par
Conversion Right:	from February 1, 1979 into ordinary shares of Nissan Diesel Motor Co., Ltd. at a conversion price of DM 4.89 per share
Listing:	Frankfurt am Main

Deutsche Bank
Aktiengesellschaft

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The Hongkong and Shanghai Banking Corporation

(Incorporated in Hong Kong with Limited Liability)

SUMMARISED CONSOLIDATED BALANCE SHEET
at 30th June 1978

31 Dec., 1977 £000's		30 June, 1978 £000's
	LIABILITIES	
£119,439	Issued capital	£133,626
147,735	Reserves	155,751
15,688	Retained profits	41,327
£282,862		£330,704
34,579	Minority interests in subsidiaries	40,676
541,313	Currency notes in circulation	596,365
6,801,046	Current, deposit and other accounts	7,714,916
22,454	Proposed dividend	10,690
90,044	Items in transit between offices	24,590
1,383,488	Engagements on behalf of customers	1,496,273
£9,155,786		£10,214,204
	ASSETS	
	Current assets	
£1,833,969	Cash and short-term funds	£2,035,685
967,194	Time deposits with banks payable within twelve months	1,014,404
535,319	Trade bills and certificates of deposit	695,065
534,585	Hong Kong Government certificates of indebtedness	589,413
274,880	Investments	323,776
3,346,027	Advances to customers and other accounts	3,776,041
£7,491,974		£8,434,384
280,324	**Fixed assets**	283,547
1,383,488	**Liabilities of customers for engagements**	1,496,273
£9,155,786		£10,214,204

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on October 23, 1978, in some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	75.00
Albania Lek	10.155
Algeria Dinar	7.9847
Andorra French Franc	8.3875
Andorra Spanish Peseta	158.55
Angola Kwanza	n.a.
Antigua (S) E. Caribbean $	5.425

Currency, Money and Gold Markets

Dollar steadier on intervention

The dollar fell to further record lows against most major currencies yesterday morning, but was steadier in later trading with the help of support from the West German Bundesbank and the Swiss National Bank. Other central banks may have also intervened to assist the U.S. currency from time to time. The dollar fell to an all time low of DM 1.7970 against the D-mark during the morning, but then improved to DM 1.8170, before closing at DM 1.8065, compared with DM 1.8075 on Friday. The activity of the Swiss authorities probably did most to turn the dollar round however, and the U.S. unit rose to SwFrs 1.5400 at one point, after hitting a low point of SwFrs 1.4995. It closed at SwFrs 1.5200, compared with SwFrs 1.5125 before the weekend.

The members of the European currency snake also touched record levels against the dollar, with the Dutch guilder finishing at Fls 1.9670, compared with Fl 1.9780 on Friday, while the Belgian commercial franc rose to BFrs 28.44 from BFrs 28.65½. The Danish krone rose to DKr 5.0345 from DKr 5.0500, and the Norwegian krone to NKr 4.8862½ from NKr 4.9000.

The Japanese yen rose to Y180.80, before closing at Y181.50, compared with Y181.80 previously, while the French franc improved to FFrs 4.1780 at the close from FFrs 4.1925 on Friday. The Italian lira was little changed in terms of the dollar, finishing at L807¼, against L807½ before the weekend.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to a record 11.4 per cent from 11.2 per cent.

Sterling remained above the $2 level throughout trading. It opened at $2.0020 and touched a low point of $2.0010, before rising sharply to $2.0130 by mid-morning. Intervention by central banks pushed the dollar up against all currencies, and the pound fell to $2.0050 in the afternoon, before closing at $2.0070-$2.0080, a rise of 60 points on the day.

Sterling's trade-weighted index, on Bank of England figures, rose to 62.1 from 61.9, after standing at 62.1 at noon and 61.9 in early trading.

NEW YORK—The dollar firmed slightly in moderate early trading after the sharp fall in Tokyo and Europe. It was felt that this may be another difficult week for the dollar, with publication of the consumer price index and the U.S. trade figures, while President Carter is also due to disclose his anti-inflation programme.

AMSTERDAM—The dollar fell to a record low of Fl 1.9850 against the guilder at yesterday's fixing, compared with Fl 1.9880 on Friday.

FRANKFURT—The Bundesbank did not intervene as the dollar was fixed at a record low of DM1.8027 yesterday, compared with DM1.8227 on Friday. The U.S. currency fell to an all-time low of DM1.7975 before the fixing, and it is probable that the authorities did intervene at around the DM1.80 level. Trading was fairly quiet in the late morning and early afternoon. The Swiss franc eased to DM1.1888 from DM1.1994, and sterling also declined, falling to DM3.6190 from DM3.6420.

ZURICH—After opening lower, the dollar recovered some ground in moderate mid-morning trading. There was little sign of intervention by the Swiss National Bank, and trading was at a low level, probably because of hesitation on the part of market operators ahead of the announcement of the U.S. anti-inflation programme to-day. At mid-morning the U.S. unit was SwFr 1.5102½, compared with SwFr 1.5045 in early trading.

TOKYO—The dollar fell to a record closing low of Y181.05 against the yen in nervous trading. There were no new factors behind the dollar's weakness, except anticipation that President Carter's anti-inflation measures, to be announced to-day, will not be strong enough to control inflation. The Bank of Japan probably intervened to support the dollar, absorbing about $50m. Trading volume in spot was active at $505m, while forward and swap business totalled $670m.

THE POUND SPOT / FORWARD AGAINST £

Oct. 23	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	8½	2.0010-2.0130	2.0070-2.0080	0.35-0.25 c.pm	1.79	1.17-1.07 c.pm	2.25
Canadian $	10¼	2.3700-2.3848	2.3765-2.3775	0.45-0.35 c.pm	2.02	1.35-1.25 c.pm	2.19
Guilder	5½	3.93½-3.96½	3.94½-3.95½	⅜ c.pm-⅛ c.dis	0.38	2¼-1¾ c. pm	2.28
Belgium F	6	57.60-57.40	57.05-57.15	5 c.pm-10c.dis	-1.05	25-10 c.pm	1.22
Danish K	8	10.08-10.11½	10.10-10.11	7-9 ore dis	-9.50	14¾-18¾ ore dis	-1.25
D-Mark	5	3.60-3.65	3.62½-3.63½	3¼-2¼ pf pm	8.88	8⅝-7⅝ pf pm	8.95
Port. Esc.	18	88.60-89.55	89.10-89.50	40-140 c. dis	-12.05	160-380 c. dis	-11.05
Span. Pes.	8	138.00-138.70	138.50-138.60	25-125 c. dis	-6.50	100-200 c. dis	-3.06
Lira	10½	1,620-1,626	1,620½-1,621½	4-6½ lire dis	-3.70	10-14 lire dis	-2.96
Nrwgn. K.	7	9.76-9.83½	9.80½-9.81½	3-5 ore dis	-4.89	7½-9½ ore dis	-3.46
French Fr.	9½	8.35½-8.40½	8.38½-8.39½	3½-2½ c. pm	5.52	6½-5½ c. pm	2.58
Swedish Kr	6½	8.50-8.56	8.52¾-8.53¾	2 ore pm-1½	-0.70	4½-2½ ore pm	1.52
Yen	3½	380-379	384-386	2.80-2.50 y pm	8.71	8.35-7.95 y pm	8.50
Austria Sch	4½	26.40-26.55	26.55-26.65	17-7 gro pm	5.41	40-30 gro pm	5.26
Swiss Fr.	1	3.00¼-3.03	3.04¼-3.05¼	5½-2½ c. pm	11.79	10-8 c. pm	12.45

Belgian rate is for convertible francs. Financial franc 60.30-60.90.

Six-month forward dollar 2.40-2.30c pm. 12-month 4.65-4.55c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

October 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	84.38-84.53	84.47-84.50	[illegible]	[illegible]	[illegible]	[illegible]
Guilder	1.9620-1.9725	1.9650-1.9700	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Fr	28.47-28.59	28.56-28.58	[illegible]	[illegible]	[illegible]	[illegible]
Danish Kr	5.0195-5.0400	5.0335-5.0360	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	1.7980-1.8138	1.8060-1.8070	[illegible]	[illegible]	[illegible]	[illegible]
Port. Esc	44.35-44.55	44.35-44.50	[illegible]	[illegible]	[illegible]	[illegible]

* U.S. cents per Canadian $.

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER MARKETS

Oct. 23	£	$
New Zealand Dollar	1.8575-1.8655	0.9253-0.9293
Saudi Arabia Riyal	6.52-6.62	3.2850-3.2875
Singapore Dollar	4.28¼-4.28¾	2.1280-2.1295
South African Rand	1.7304-1.7566	0.8620-0.8750

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.008	3.650	365.0	8.388	3.055	3.950	1621.	2.377	57.10
U.S. Dollar	0.498	1.	1.806	181.8	4.178	1.521	1.968	807.5	1.184	28.46
Deutsche Mark	0.275	0.553	1.	100.6	2.311	0.841	1.088	446.6	0.655	15.72
Japanese Yen 1,000	2.740	5.500	9.945	1000.	22.98	8.363	10.82	4441.	6.512	156.4
French Franc 10	1.192	2.393	4.328	435.2	10.	3.639	4.709	1933.	2.834	68.03
Swiss Franc	0.328	0.658	1.189	119.6	2.748	1.	1.294	531.0	0.779	18.71
Dutch Guilder	0.253	0.508	0.919	92.41	2.125	0.773	1.	410.4	0.602	14.46
Italian Lira 1,000	0.617	1.238	2.239	225.2	5.174	1.883	2.437	1000.	1.466	35.23
Canadian Dollar	0.421	0.845	1.527	153.6	3.529	1.284	1.662	682.0	1.	24.02
Belgian Franc 100	1.751	3.515	6.357	639.2	14.69	5.346	6.918	2839.	4.163	1.00

EURO-CURRENCY INTEREST RATES*

Oct. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9½	8⅞-9⅛	8¼-9¼	9½-10½	[illegible]	3⅛-3¼	6⅞-7⅛	9-15	—	[illegible]
7 day's notice	10¼	9 9¼	8½-9¼	9½-10½	[illegible]	3⅛-3¼	7¼-7½	13-15½	9⅛-9¼	[illegible]
Month	11½	9⅜-9½	9⅛-9⅜	10¼-10½	par-1/16	3¼-3⅜	7½-7¾	15-16	9⅜-9½	[illegible]
Three months	12¼	10⅛-10⅜	9⅞-10⅛	10⅛-10⅜	1/16-⅛	3⅜-3½	9¾-10	16¼-16¾	10⅛-10⅜	[illegible]
Six months	14	10¾-11	9⅞-10⅛	9⅛-9⅜	¼-⅜	3½-3⅝	10⅛-10½	16¼-16¾	10⅝-10⅞	[illegible]
One year	14	10⅞-11⅛	9⅞-10⅛	8⅝-8⅞	⅜-½	3⅝-3⅞	11-11¼	16-17	10⅝-10⅞	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.45-9.55 per cent; three months 10.30-10.40 per cent; six months [illegible] per cent; one year 10.50-10.60 per cent.

Long-term Eurodollar deposits: Two years 10³⁄₁₆-10⁵⁄₁₆ per cent; three years 9⅞-10 per cent; four years 9⅝-9¾ per cent; five years 9⅜-9⅝ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates move up

Short-term interest rates continued to advance in Belgium yesterday as the central bank raised the interest rate on one-month, two-month and three-month Treasury Bonds by 0.25 per cent to 9.25 per cent. The move was generally expected, following the premature announcement of an increase in the rates by the Belgian National Bank last Friday.

The central bank made no comment on the move, but it is in line with the policy of tightening short-term credit to protect the Belgian franc within the European currency snake.

Deposit rates for the Belgian franc (commercial) were firmer, with one-month money rising to 9⅞-10⅞ per cent from 9⅜-9⅝ per cent; three-month to 9¾-10 per cent from 9½-9¾ per cent; six-month to 8¾-9 per cent from 8½-8¾ per cent; and 12-month to 8½-8¾ per cent from 8¼-8½ per cent.

PARIS—Day-to-day money eased to 7 per cent from 7⅛ per cent in the money market, while one-month funds were unchanged at 7⅛ per cent, and three-month at 7⅜-7½ per cent. Six-month money fell to 7⅝-7¾ per cent from 7¾-7⅞ per cent, but 12-month rose to 8½-8⅝ per cent from 8⅜-8½ per cent.

FRANKFURT—Call money rose to 3.20-3.30 per cent from 2.95-3.05 per cent, but one-month was slightly easier at 3.45-3.55 per cent, compared with 3.50-3.60 per cent on Friday. Three-month funds were unchanged at 3.85-3.95 per cent, while six-month money rose to 3.95-4.10 per cent from 3.90-4.00 per cent, and 12-month to 4.10-4.20 per cent from 4.05-4.15 per cent.

AMSTERDAM—Call money was slightly firmer at 10¼-11 per cent, compared with 10-11 per cent on Friday. One-month money fell to 10¼-11¼ per cent from 10½-11½ per cent, but three-month rose to 10¼-11 per cent from 10¼-10¾ per cent, while six-month eased to 9¼-9¾ per cent from 9½-9¾ per cent.

SINGAPORE—United Overseas Bank raised its prime rate to 7½ per cent from 7 per cent yesterday, bringing it into line with most foreign and local banks. Meanwhile other banks, including Bank of Tokyo, Fuji Bank, Indian Bank, and Industrial Bank of Japan, increased their prime rates to 7½ per cent from 7¼ per cent. Marine Midland reduced its prime rate by ¼ per cent to 7¾ per cent however, and Swiss Bank Corporation cut its rate by ¼ per cent to 7½ per cent.

GOLD

Weaker trend

Gold was quite firm in early trading, following the continued weakness of the dollar. The metal opened at $228¾-229¼, and was fixed at $229.00 (£113.987) in the morning. At the afternoon fixing gold fell to $226.75 (£113.004), but picked up towards the end of trading, to close at $227¾-228, a fall of $¾ on the day.

GOLD

	Oct. 23	Oct. 20
Gold Bullion (a fine ounce)		
Close	$227¾-228	$227¾-228¾
Opening	$228¾-229¼	$227-227¾

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance by buying a moderate number of Treasury bills from the discount houses, and a small amount of local authority bills.

Government disbursements exceeded revenue payments to the Exchequer, but this was outweighed by a fairly large net take-up of Treasury bills to finance, small run-down balances brought forward from Friday, and settlement of gilt edged stock sold by the authorities.

Local authorities received the rate support grant and housing subsidies, which helped to swell the Government disbursements figure.

Discount houses paid 8¾-9 per cent for secured call loans, and closing balances were taken at 9-9¾ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 23 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	8¾-12	—	—	—	9¾	8¾-9¾	—	—	—
2 days notice	—	—	9-9¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¾-10	—	—	—	—

MONEY RATES

NEW YORK

GERMANY

FRANCE

JAPAN

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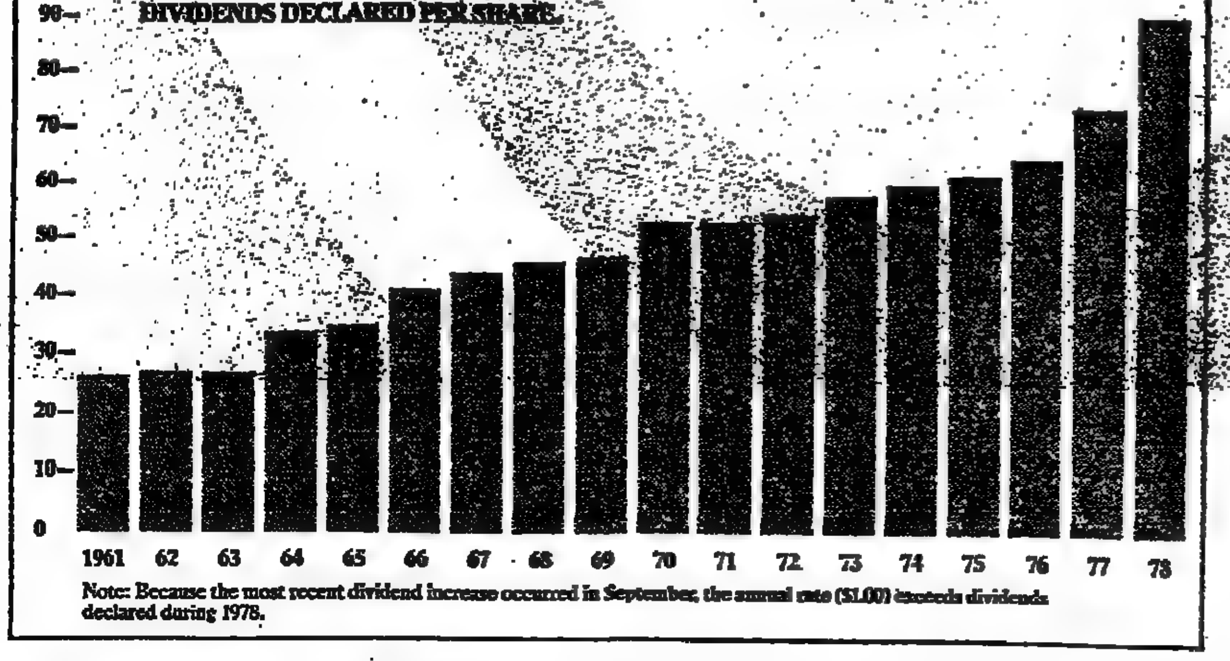
25 percent increase in annual rate.



Note: Because the most recent dividend increase occurred in September, the annual rate ($1.00) exceeds dividends declared during 1978.

On September 21st Transamerica Corporation increased the annual dividend rate on its common stock to $1.00 per share. This represents a 25 percent increase over the prior rate.

Transamerica common shareholders who have maintained their investments have enjoyed 17 consecutive years of dividend increases. A cash dividend has been paid regularly since 1934.

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Transamerica

Companies in trouble and Britain's banks: signs of a new approach

A bigger role for banks as company doctor

Terry Kirk

The growth of U.S. banks has encouraged a more aggressive attitude in the parlours of Lombard Street.

BY RICHARD LAMBERT

Financial Editor

STAFLEX International, a specialist in iron-on linings for the garment trade, had a crucial meeting with its bankers on July 27.

At two earlier meetings, in October and February, the group had secured the support of its principal bankers — Barclays, Standard Chartered, and Algemene — through a period of grave liquidity shortage. Now it had to report that net borrowings had climbed to nearly £11m, and that it had a deficit on shareholders' funds of £1.2m.

In the event, the bankers decided to continue their existing support, subject to certain conditions. They agreed that the group's loan facilities would be reviewed quarterly, and they retained a leading accounting firm, Whinney Murray and Company, to monitor its operations on their behalf.

Does this decision to offer a lifeline to a client which had lost its equity base indicate a more flexible approach by the banks to problem accounts? Certainly, public precedents are few and far between. But there have been one or two other hints recently that ideas might be changing in the parlours of Lombard Street.

For instance, Barclays recently took a substantial equity holding in the Monotype Corporation in exchange for accumulated interest on loans to the company of over £3m.

Again, in their recent submission to the Department of Trade on the reform of insolvency law, the banks recommended that a procedure for the appointment of a manager and a moratorium on creditors—short of a winding up—would be a useful innovation when a company was in temporary cash difficulties. The trouble with the present system, they argued, was that a dissenting creditor could swiftly scupper any informal moratorium.

The clearers, however, dismiss the idea that any radical change is under way. They become especially irate at the suggestion that they are being led by the American banks, which in their evidence to the Wilson Committee implied that whereas the bold Americans were preoccupied in their lending policies with what was likely to happen in the future, the stuffy old British banks were only interested in lending on a "gone" concern basis. In other words, they only wanted to know what they would get back in the event of a winding-up.

"This," says one clearer, "is arrogant nonsense."

Monotype is seen as a one-off affair, brought about by the willingness of the National Enterprise Board (which has also taken an equity stake) to do a deal. And the clearers all say that the only unusual feature about the Staflex affair was that it became public knowledge—via a footnote in a circular to shareholders.

For years, they say, banks have taken an active interest in the affairs of their clients, and have been prepared to intervene where necessary. One well known instance arose as far back as 1971, when the founder, chairman and chief shareholder of the David Brown Corporation ceased to have any involvement in the day to day management of the group at the request of its bankers, which were led by Lloyds and Hill Samuel.

However, certain different attitudes are apparent. For instance, one clearer has recently established a special central department to deal with clients which are in trouble but which appear to have recovery prospects. Its job is to nurse them back to health, and it now has a staff of accountants as well as bankers, who can be called in when amber lights start flashing from the branch network.

The department works closely with the NEB and the Departments of Trade and Industry. For obvious reasons, it keeps quiet about its activities. Because it is dealing with managements that are likely to be worried or even frightened, its objective is to avoid the shotgun approach and to maintain a normal banking relationship in so far as that is possible.

Other clearers generally have a less centralised approach to problem loans, on the theory that the man on the spot is likely to have the best understanding of a local difficulty. Often the only central service comes when everything has failed, and the mortician is required.

However, the distinctions can be blurred. For instance, five years ago Barclays established a business advisory service, which now has a staff of about 70 spread across the country. It was set up as a way of helping small companies to grow larger, rather than as a fire fighting service. But it has also been used as a source of special expertise for borrowers in varying degrees of difficulty.

Another change that all the clearers emphasise is their anxiety to build a personal relationship with corporate borrowers, and to understand their business. As a result, they say, they are better able to spot problems early on—and take avoiding action. Mismanagement is reckoned to be the main cause of company failures—it was to blame in 71 per cent of cases, according to a survey of official receivers in 1970—and this is something which all the clearers claim they are increasingly willing and able to identify.

"Ten years ago," says one, "we would wonder what on earth was the matter if a client asked to see us. Now, our managers are encouraged to knock on doors."

Competition for lending in a dull market has obviously accelerated the trend. With it has come a substantial increase in medium term lending, often on an unsecured basis. Whatever the clearers may claim, the growth of the American banks on the domestic British scene has encouraged a much more aggressive attitude among all banks in seeking out new business and trying to hang on to it. But whatever the reason, it is much less easy these days to accuse the banks of being content to sit on their security—and letting the corporate borrower sort out its own fate.

This announcement appears as a matter of record only

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September 1978

A FINANCIAL TIMES SURVEY

EUROPE

DECEMBER 4 1978

The Financial Times is preparing to publish a major Survey on Europe on December 4 1978, the provisional editorial synopsis is set out below.

INTRODUCTION The state of European economic and political integration as three more countries—Greece, Portugal and Spain—seek to join an EEC that is still grappling with the problems of recession and unemployment. Where is the Community heading and what have been its achievements during the past year?

ECONOMIC AND MONETARY UNION In a period of continuing economic difficulties, the Nine are reviving plans for a new step towards economic and monetary union based on tighter co-ordination of their exchange rates.

ENLARGEMENT The process of admitting Greece, Portugal and Spain to the Community is well under way. All three countries' applications to join have been welcomed on political grounds, but nobody is minimising the economic difficulties.

DEFENCE The NATO countries are now seriously concerned at the growing military power of the Warsaw Pact and are planning to step up their own defence capability.

DIRECT ELECTIONS Next year will see the first elections to the European Parliament, more than 20 years after the commitment was first made in the Treaty of Rome.

THIRD WORLD Europe considers itself a pace-maker in the world development effort and the North-South Dialogue. An assessment of the EEC's Lome Convention with developing countries in Africa, the Caribbean and the Pacific and the negotiations for its renewal.

TRADE AND PROTECTIONISM The Community has been trying to promote further liberalisation of world trade, and a reform of its rule, in the Tokyo Round of multilateral trade negotiations in Geneva.

AGRICULTURE The EEC's Common Agricultural Policy continues to be sharply attacked from both within and without the Community.

FISHERIES The attempt to negotiate a new common fisheries policy has led to tension between Britain and other European nations.

COUNTRIES Articles will also be written on EEC and EFTA countries as well as on Europe's major industries.

For further information and details of advertising rates please contact:

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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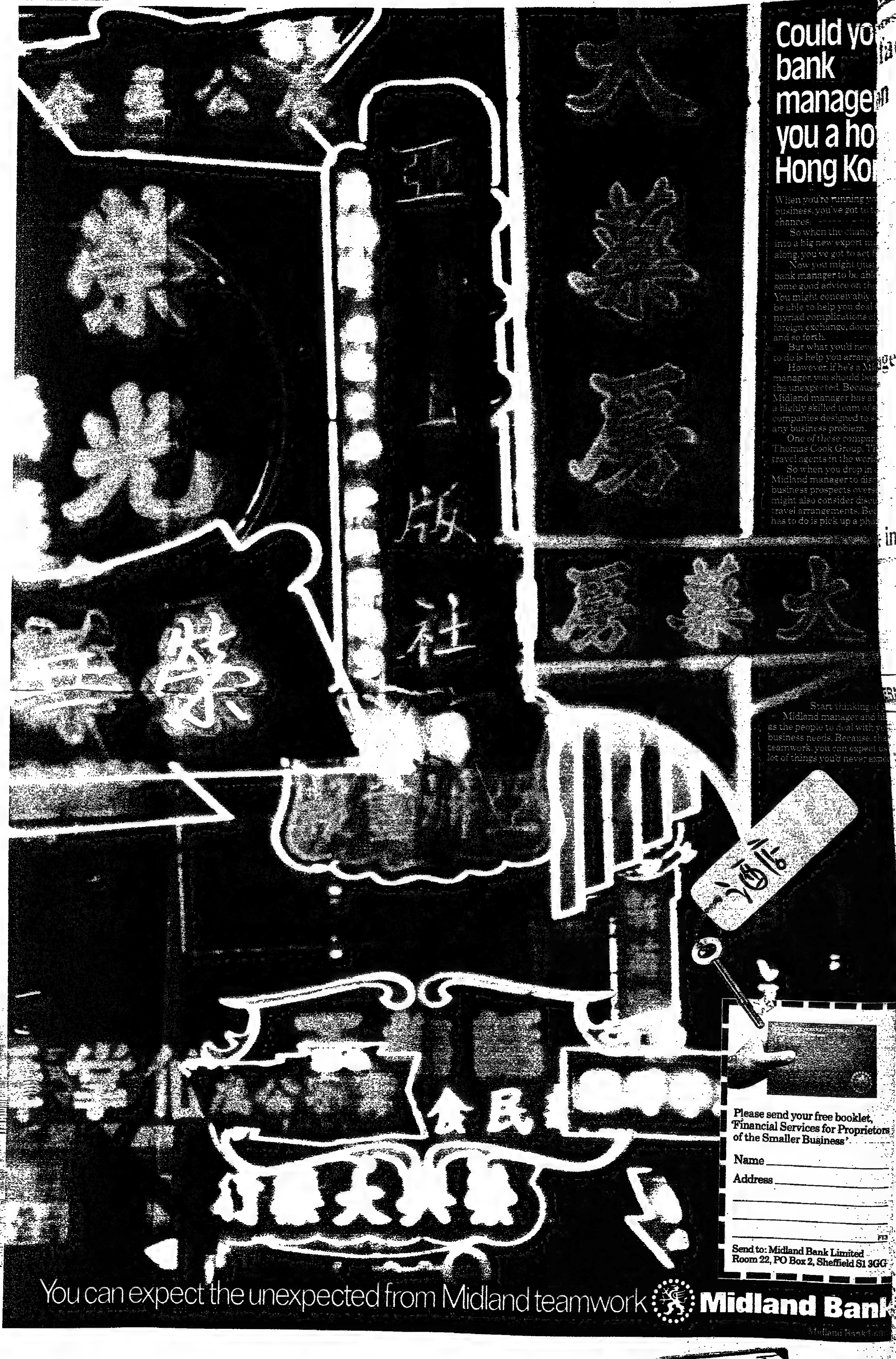
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INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Special factors hit results at Exxon and Occidental

BY DAVID LASCELLES — NEW YORK, Oct. 23.

TWO LARGE U.S. oil companies today revealed a drop in third quarter earnings, but in both cases blamed it on special circumstances.

Exxon, the largest oil concern in the U.S., said estimated consolidated net income was $540m, equivalent to $1.21 per share. This was down 15 per cent from last year's third quarter figure of $635m, or $1.42 per share. Revenues this year were $15.9bn against $14.5bn last year.

However, operating earnings in the third quarter, which do not include the effects of currency fluctuations and other financial items, were up 9.5 per cent in the third quarter, to $807m.

Exxon pointed out that the difference between these two versions of the company's performance showed that results "continue to be significantly affected by currency exchange rates." This prompted the chairman, Mr. C. C. Garvin, to urge caution in assessing Exxon's performance and prospects while exchange rates are so volatile.

Highlights from the company's announcement are:

—16 per cent increase in earnings from U.S. petroleum and natural gas operations to $1.1bn. The biggest factor was the start-up of Alaskan oil which flowed at an average rate of 211,000 barrels a day in the first nine months of this year. Also, oil and gas prices strengthened during the quarter.

—A 12 per cent rise in petroleum refining and marketing earnings to $217m.

—Earnings from foreign exploration and production rose 16 per cent to $892m, partly due to higher gas prices in Europe. Foreign refining and marketing earnings were up 19 per cent to $341m.

—Although chemical operations registered an increase in earnings to $189m, excess capacity "continues to plague the industry," particularly in petrochemicals and plastic.

The other company to report today, Occidental Petroleum, said its net earnings were $19.3m (15 cents a share) against $39m (46 cents a share) last year. Sales were $1.72bn against $1.5bn last year.

Occidental explained the drop as mainly due to the $11m reserve it has set aside to settle class action litigation, and to the Norfolk and Western Railway strike, which transformed the coal division's $18.7m profit last year into a loss of $300,000.

Oil and gas earnings were sharply up, thanks to higher Peruvian and other operations.

Chemical operations were generally lower because of increased losses in the fertilizer business.

Optimistic outlook for Warner

FRANKFURT, Oct. 23.

THE PRESIDENT of Warner Communications, Mr. Steven Ross, said he would not quarrel with a Commerzbank forecast that the company's earnings this year could be 10 per cent above the 1977 figure of $5.30 a share.

At a presentation to mark the listing of Warner shares on the Frankfurt bourse, he said that 1978 should be the best year ever for the company's movie business.

In 1977, the company had a net income of $70.8m on turnover of $1.14bn.

Meanwhile, Mr. Steven J. Ross, chairman of Warner Communications, said that allegations of theatre fraud indirectly involving two Warner officials are "fallacious and incorrect."

"In our opinion, it is an attempt to gain publicity for the U.S. Attorney," he said, adding "there is no better way to do that than to attack someone in the entertainment business."

Press reports previously said that a Justice Department wiretap, obtained with court approval to learn the details of a suspected mob business venture in Las Vegas, provided evidence of an alleged theatre fraud by several New York Mafia figures that is said to involve indirectly two officials of Warner.

Mr. Ross said, "We don't know if the wire tapping is correct. All I know is we have done nothing wrong." He said the statement in the bill of particulars which involved the company's officials was "false."

The allegations have come from a federal investigation into the affairs of the Westchester Premier Theatre Inc., a publicly held company that operated a 3,500-seat theatre for live entertainment in Tarrytown, New York, which closed in 1976.

The alleged Warner connection to the case was disclosed last month when an assistant U.S. Attorney contended in court documents that two Warner executives took a $50,000 cash bribe from Westchester Premier for influencing Warner to buy the theatre's shares at a 1973 stock offering.

Mr. Ross said the theatre was purchased to complement Warner's cable television interests, providing a location for the filming of concerts to be shown later and also acting as a proving ground for unknown back-up acts for its music business.

He said the allegations of taking a bribe and then being repaid for it "just doesn't make sense."

No charges have been brought against the Warner officials, he said, and that none were expected.

Agencies

Pan Am earnings surge 54% in third quarter

BY JOHN WYLES — NEW YORK, Oct. 23.

PAN AMERICAN World Airways' profits surge this year continued during the third quarter with a 54.3 per cent increase in net earnings.

These latest results will prompt yet another revision of analysts' earnings estimates for the year. For the nine months Pan Am has now earned $2.71 a share which exceeds many forecasts for the entire year.

As in the case with most of the other leading U.S. airlines, the key to Pan Am's performance is substantially fuller aircraft. The airline's revenue passenger miles for the nine months are 22 per cent higher than last year on a capacity increase of a shade over 8 per cent. As a result the load factor—the proportion of total seats filled—has risen from 54.7 per cent to 62.8 per cent.

Pan Am's net earnings in the third quarter totalled a record $101.3m or $2.01 a share compared with $65.6m, compared with $1.55 a share for the same period in 1977. Operating revenues were $672.3m, up 19.5 per cent on last year. Third quarter profits included a $1.2m gain from the sale of equipment compared with $3.8m in 1977.

Net earnings for the first nine months of 1978 were $123.4m, equal to $2.71 a share, compared with $54.5m, or $1.29 a share, previously. Operating revenues were 16.3 per cent higher at $1.88bn.

The figures include Pan Am's Intercontinental Hotels subsidiary, whose third quarter pre-tax profits rose from $3.9m to $8m and its nine months pre-tax from $9m to $17.1m.

Kraft forecasts steady progress

BY NICHOLAS COLCHESTER

MR. WILLIAM BEERS, the chairman of Kraft, the major U.S. food producer, hopes that an earnings estimate of $6.30 per share for 1978 will prove "conservative." The figure compares with an outcome for 1977 of $5.44 per share.

Mr. Beers puts this estimate into context at a meeting of Security analysts in New York last week and repeated it yesterday before fund managers in London. At the same time he announced further progress for his company in its third quarter to September 30. Sales for the quarter were up by 11.5 per cent from the previous third quarter to $1.45bn and earnings per share were up by 26 cents from the third quarter of 1977 to $1.68.

The Kraft chairman presented his company as a solid and consistent performer rather than as growth stock and said that he was "not sure whether we should or could" become one of the latter. But basing his calculations on the forecast of $6.30 per share for 1978, he pointed out that over the previous five years Kraft's profits after taxes will have grown at a compound annual rate of 11.3 per cent against annual growth in the previous five years of 6.3 per cent. The corresponding growth figures for sales were 9.5 per cent versus 8.2 per cent.

Kraft is spending heavily to sustain its steady expansion in the food business. Over the last decade expenditure on research and development has risen from an annual $6.7m to more than $18m in the current year. The company has just set up a pilot project to determine the optimum size and location for an r and d facility in Europe. It was partly due to a major investment in a product processing and distribution plant in Namur, Belgium, which opened in the middle of the European recession, that the company's overseas earnings record has been erratic of late.

Nevertheless the Kraft management is thinking about possible diversification out of the food business. The company had cash, net of short term borrowings, of some $110m in the balance sheet for December 1977.

Mr. Beers says that one area at which his corporate strategy team is looking closely is the supermarket business, which ties in with food production but where the growth appears to be on the non-food side.

TRW stages sharp advance

BY OUR FINANCIAL STAFF

THIRD QUARTER results from TRW, the aerospace, tools, and vehicle parts group, confirm that it is well on the way to achieving its target of topping the earnings of $4.77 a share and sales of $3.26bn chalked up for the whole of 1977. Earnings in the third quarter are 16 per cent higher, at $42.2m, or $1.15 a share against $1.00. Sales, at $927.9m, also show a rise of 16 per cent.

This brings the nine months' earnings total to $124.9m (13 per cent higher), or $3.40 against $3.02. Sales of $2.73bn are 15 per cent up.

Mr. Ruben F. Mettler, the chairman, told shareholders recently that he expected the group to exceed in the third quarter the 11 per cent earnings gain of the second quarter of the year. He referred to the company's spacecraft operations which, he said, have a backlog around the $750m mark—an increase of some $200m on the figure recorded a year earlier.

TRW's Electronics and Space Systems and Car and Truck divisions contributed gains in both sales and operating profits to the second quarter gain. The Industrial and Energy division turned in higher sales, but a U.S. plant closure helped to bring profits down.

In 1977, the company had a record year, with each division of its business contributing to the upturn. Dividend payments were lifted by 14.6 per cent to $1.55 a share.

But a cautious note was sounded at the beginning of this year, when the severe winter in the U.S.

Upsurge in merger activity

BY OUR OWN CORRESPONDENT — NEW YORK, Oct. 23.

ACQUISITIONS OF publicly held U.S. companies leaped 25 per cent in the first nine months of this year, reflecting "bargain" prices in the Stock Markets and the relative strength of corporate liquidity.

According to the latest survey by W. T. Grimm, the Chicago-based merger specialists, overall merger activity declined in the third quarter, with the result that actual or pending acquisitions in the first nine months fell 4 per cent on last year from 1,677 to 1,608.

However, the heightened activity involving public companies and the steep increase in the size of proposals valued at $100m or more is contributing to the impression of "merger fever." Moreover, the small decline in the overall number of acquisitions brings little comfort to regulatory agencies which have become increasingly concerned about the trend towards consolidation of major public companies.

In the first nine months actual or pending acquisitions worth more than $100m totalled 59, which is substantially more than the tally of 41 for all of 1977.

Aggregate value of all possible transactions has, as a result, been lifted from $14.9bn in the first nine months of last year to $25bn

CANADIAN NEWS

Growth rate slows at Dominion Textile

BY ROBERT GIBBENS — MONTREAL, Oct. 23.

DOMINION TEXTILE, the largest Canadian textile group, earned C$2.5m or 31 cents a share in first quarter ended September 30, against C$2.2m or 28 cents, on sales of C$122m (C$116m). The DHJ Industries unit in the U.S. has been hard hit by sharp price declines in denim, but feels "the worst is past." Negotiations continue with Stalles International of U.K. for acquisition of European companies.

Celanese Canada, the major fibre, carpet and chemicals group, earned C$3.5m or 23 cents a common share in the first nine months, against C$304,000 a year earlier, when earnings did not cover preferred dividends. Sales of C$207m (C$181m).

Atco, the former Calgary-based Atco Industries, Canada's largest prefabricated housing manufacturer, is banking on oil and gas exploration, contract drilling and property for its long-term growth. "The industrial prefab housing business will become less important though it will remain an area of opportunity arising from future energy projects." Mr. C. S. Richardson, senior vice-president, finance, told Canadian Dow Jones. The company earned C$7.8m or C$1.50 a share last year against C$16.8m or C$3.19 a year earlier. Earnings for fiscal 1979 are estimated around C$2 a share.

Atco recently acquired Thomson Industries, a Houston contract drilling company, and this will add stability to Atco's earnings. Drilling activity is expected to maintain record levels in Canada and the U.S. and Thomson is adding 13 new rigs to its present fleet of 32. All but two are already committed on long-term contracts. Atco has also entered oil and gas exploration.

General Motors Canada is considering locating a diesel engine plant in the St Catharines area of Ontario, west of Toronto, and a small truck assembly operation either east of Oshawa, the site of its present main vehicle assembly operations, or in British Columbia. This adds another dimension to the contest being waged between Canada and some U.S. states for new auto investment, and to that between Ontario, Quebec and several other provinces.

The Canadian motor industry, dominated by the big three makers and by American parts manufacturers' subsidiaries, is "Golden Horseshoe"—between now concentrated in Ontario's Oshawa and Windsor, opposite Detroit. The Canadian motor industry has also been the main force behind the expansion of the steel industry in Ontario.

RESULTS IN BRIEF

National Airlines now back in the black

NEW YORK, Oct. 23.

NET INCOME for the first quarter for National Airlines, currently the subject of bid approaches from Pan-Am and Texas International Airlines, was $2.61m or 30 cents a share compared with a loss of $213,000 or 2 cents a share last time. Sales revenues advanced from $132m to $157.1m.

For the first nine months of the current financial year, net earnings per share of Springs Mills, textiles, remained unchanged at $1.29, while United States Tobacco moved up from $2.34 to $2.34. Business information suppliers Dun and Bradstreet advanced from $1.55 to $1.85 a share for the same period. Fort Howard Paper moved ahead from $2.52 to $2.88, and W. W. Grainger (electrical motors) advanced from $1.64 to $1.93.

Also for the nine month period, broadcasting and publishing concern Metromedia moved up from $3.17 to $4.39, the electricity utility holding company Central and South West Corporation advanced from $1.46 to $1.71, movie cameras and electronics company Bell and Howell increased from $1.38 to $1.63, engines and tools manufacturer Cooper Industries went from $3.50 to $4.55, and containers manufacturer Crown Cork and Seal advanced from $2.99 to $3.20.

Further advances in per share earnings at the nine months level were reported by Northwest Industries, diversified industrial company, up from $2.94 to $3.56, SmithKline Corporation, medicines, up from $1.99 to $3.89, and Square D, electrical equipment, up from $1.87 to $2.05.

Declines at the nine-month level were reported by General Public Utilities, down from $1.91 to $1.73, and Santa Fe Industries, railways operator, down from $4.51 to $4.15.

For the first quarter, Beckman Instruments advanced from 55 cents to 71 cents, Reeves Brothers, textiles and foam, moved ahead strongly from 36 cents to $1.74 and the diversified industrial company SCM Corporation advanced from $1.10 to $1.12.

Also for the first quarter, Automatic Data Processing advanced from 35 cents to 45 cents, McLean Trucking Company slipped down from 89 cents to 67 cents, and Amstar, the largest sugar refiner in the U.S., edged upwards from 41 cents to 42 cents.

Agencies

EUROBONDS

Renewed weakness in DM and $ sectors

By Francis Ghilès

IT WAS another unhappy day in international bond markets yesterday, both in the dollar and the deutschemarks sectors. Prices were off by a half to five-eighths of a point in the dollar sector.

Selling pressure continued to come from Switzerland—as was the case last week—and from many private investors. Lack of confidence in the dollar is spreading and the performance of the U.S. currency did nothing to reassure those who might have felt it had reached its low. The dollar ended the day a little stronger against the Swiss franc but a little weaker against the Deutschemark.

Interest rates on three, six and nine month dollars at one point rose to 11-11¼ per cent, although they settled back at the close to their Friday evening levels of 10 13/16-15/16.

The floating rate note sector was softer yesterday, the only names being marked up being those where the coupon is due for readjustment soon.

The Deutschemark sector was in no happier a mood than the dollar, one the Bundesbank's decision to increase its minimum reserve requirements for the country's banks by 9 per cent in order to soak up some of the excess liquidity in the hands of the credit institutions had an adverse effect on the domestic bond market where the Central Bank intervened to the tune of about DM 40m. The terms of the DM 550m domestic issue for the Federal Railways announced yesterday included a six-year maturity, instead of the expected 10, a coupon of 6 per cent and a price of 99½.

The weakness in the domestic bond market spilt over into the foreign bond market where prices were marked down by a quarter to half a point. Turnover was described by dealers as active, and the general decline in prices even affected the Japanese convertible which were hit by a fall in the Tokyo stock exchange and a weakening of the yen.

In Switzerland, a SwFr 20m private placement for Alpine, of Japan, is being arranged by the Swiss Volksbank. Terms include a maturity of five years and seven months, a coupon of 2¾ per cent with an issue price of par. The conversion price has been fixed at Y661 per share and the conversion date fixed for January 3, 1979.

MEDIUM-TERM CREDITS

Better rates for East Germany

By Our Euromarkets Staff

THE EAST GERMAN foreign trade bank, Deutsche Aussenhandelsbank, is raising $150m for seven years on a spread of ⅞ per cent for the first three years, rising to 1 per cent for the last four. Lead manager is Lloyds Bank International. The terms mark an improvement on those $300m loan raised earlier this obtained by this borrower on a year. It then paid a spread of 1 per cent for a seven-year maturity.

Portugal's Banco de Fomento Nacional is raising $50m for seven years on a spread of 1¼ per cent throughout. These terms are identical to those obtained by the Republic on its recent loan. Lead manager is Amex Bank and the loan, which carries a state guarantee, is being underwritten by five banks: Bank für Gemeinwirtschaft, Banque Bruxelles Lambert, Banque Canadienne Nationale and Industrial Bank of Japan.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on October 23

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
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DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
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SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
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YEN STRAIGHTS

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OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
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FLOATING RATE NOTES

	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Data supplied by Inter-Bond Services.

U.S. QUARTERLIES

AIR PRODUCTS & CHEMICALS

Fourth Quarter	1978 $	1977 $
Revenue	275m.	255m.
Net profits	19.6m.	18.1m.
Net per share	0.70	0.64
Year		
Revenue	1.04bn.	947m
Net profits	76.2m.	67.7m
Net per share	2.70	2.40

KIMBERLEY-CLARK

Third Quarter	1978 $	1977 $
Revenue	475m.	430m.
Net profits	37.8m	30.3m.
Net per share	1.62	1.29
Nine Months		
Revenue	1.42bn.	1.30bn.
Net profits	113.4m.	99.6m
Net per share	4.85	4.26

ALLIS CHALMERS

Third Quarter	1978 $	1977 $
Revenue	403.3m.	379.5m.
Net profits	12.5m	11.3m
Net per share	1.02	0.93
Nine Months		
Revenue	1.3bn.	1.2bn
Net profits	59m.	53.9m.
Net per share	4.84	4.44

KOPPERS

Third Quarter	1978 $	1977 $
Revenue	447.4m.	369.5m
Net profits	25.3m	23.0m.
Net per share	1.00	0.92
Nine Months		
Revenue	1.13bn.	973.2m
Net profits	49.5m.	45.8m.
Net per share	1.96	1.83

AVON PRODUCTS

Third Quarter	1978 $	1977 $
Revenue	466.4m.	389.9m.
Net profits	46.5m	39.5m.
Net per share	0.80	0.68
Nine Months		
Revenue	1.29bn.	1.05bn
Net profits	127.1m	108.3m.
Net per share	2.19	1.78

NATIONAL STEEL

Third Quarter	1978 $	1977 $
Revenue	965.7m.	820.4m
Net profits	40.4m.	13.6m.
Net per share	2.10	0.71
Nine Months		
Revenue	2.74bn.	2.42bn
Net profits	74.3m.	43.7m.
Net per share	3.87	2.27

BURLINGTON INDUSTRIES

Fourth Quarter	1978 $	1977 $
Revenue	608.2m.	617.5m
Net profits	18.7m.	20.7m.
Net per share	0.67	0.74
Year		
Revenue	2.42bn.	2.38bn.
Net profits	70.3m	89.9m.
Net per share	2.50	3.18

STAUFFER CHEMICAL

Third Quarter	1978 $	1977 $
Revenue	270m.	264m.
Net profits	16.5m.	17.5m
Net per share	0.75	0.80
Nine Months		
Revenue	1bn.	957m.
Net profits	92.2m.	83.6m.
Net per share	4.22	3.83

FRUEHAUF

Third Quarter	1978 $	1977 $
Revenue	534.2m.	446.0m
Net profits	17.0m	14.5m.
Net per share	1.41	1.21
Nine Months		
Revenue	1.52bn.	1.32bn
Net profits	55.2m	41.0m
Net per share	4.63	3.42

TAFT BROADCASTING

Second Quarter	1978 $	1977 $
Revenue	51.3m.	45.4m
Net profits	8.99m.	7.98m.
Net per share	1.13	0.98
Six months		
Revenue	96.0m.	78.6m
Net profits	15.97m	12.18m
Net per share	1.89	1.50

$24,000,000

Project Financing

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a partnership formed by subsidiaries of

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and

Soltex Polymer Corporation

We served as financial advisor to Laporte Industries (Holdings) Limited in connection with this transaction.

Warburg Paribas Becker

Incorporated

October 1978

INTERNATIONAL FINANCIAL AND COMPANY NEWS

BHF-Bank seeks to raise $26m by rights

By Our Own Correspondent

FRANKFURT, Oct. 23.

BERLINER Handels-und Frankfurter Bank (BHF-Bank) today announced a rights issue aimed at raising DM 48m ($26.2m). The offer will be open to shareholders from November 9 to November 23.

The 300,000 new shares, which carry dividend rights from July 1, 1978, will be placed through a consortium led by Deutsche Bank, West Germany's largest commercial bank. The new shares will be offered to holders at the ratio of one to seven at a price of DM160 per DM50 nominal share, free of stock exchange turnover tax.

According to today's statements, the new shares will be offered on the stock exchanges at Frankfurt, Berlin, Duesseldorf, Hamburg and Hanover.

Holders of the Bank's 1972 5½ convertible loan stock will not have rights to participate in the rights issue. They will however, receive compensation in the form of a DM 12 reduction in their conversion price.

The rights issue will increase the Bank's nominal capital by DM 15m to DM 116m.

Daimler-Benz optimistic despite production loss

BY GUY HAWTIN

FRANKFURT, Oct. 23.

DAIMLER-BENZ today announced that it will at least equal last year's profits record despite the wage dispute in the West German metal industry earlier this year. Capacity utilisation has been "extraordinarily healthy" and the group's order book is standing at its highest level ever.

The group, which manufactures the quality Mercedes motor cars and commerical vehicles, lost production of 25,000 cars and 8,000 commercial vehicles as a result of the strikes affecting the metal industry this year. In all, the labour troubles cost the group some DM 1 bn in sales.

However, in the first nine months of 1978 cash sales totalled DM 19.25bn ($10.5bn) compared with DM 19.13bn during the comparable period of last year. Sales for the West German parent amounted to DM 15.66bn ($8.6bn) against DM 15.63bn — a measure of how the wage conflict hit output.

Domestic turnover totalled DM 9.29bn ($5.1bn) compared with DM 8.37bn in the first three-quarters of 1977—although it must be remembered that customers for the company's smaller cars have to wait for up to four years for delivery. Export sales during the same period fell from DM 7.29bn to DM 6.37bn.

But although the proportion of turnover devoted to exports has fallen from 46.5 per cent during the first nine months of 1977 to just 40.7 per cent, the emphasis on exports has not declined. Foreign orders remain at a high level.

However, demand for the group's commercial vehicles remains slack, as it does throughout the West German motor industry. Today's interim report from the group states that demand within product groups varies greatly.

Demand from abroad, overall, has been disappointing although acceptance of Daimler-Benz's new Bremer transporter (up to four registered tonnes) has been higher than expected. Both at home and overseas this range is expected to pick up a growing market share.

On the car side, the group has had considerable success with its new "T range" and output for the year as a whole should total 390,000 cars compared with 1977's 401,255 units. Commercial vehicle production, at the same time, is expected to pass the 170,000 level compared with last year's output of 187,298 units.

The commercial vehicle market this year has been hit by weak industrial capital investment in western Europe and growing world overcapacity, said Daimler-Benz. The group's competitive position both at home and abroad has been hit by the appreciation of the Deutsche Mark against the dollar.

Daimler-Benz this year plans a total capital investment of DM 1.1bn out of its 1978-82 domestic DM 7bn capital investment programme. This should secure the group's international competitive situation, as well as assure jobs in the Federal Republic and increase production capacity.

While profits this year are unlikely to fall below the level of last year, they have been hit, not only by the effects of the wage dispute, but also by the increased cost of raw materials.

Move into the black at Stora Kopparberg

By William Dullforce

STOCKHOLM, Oct. 23.

STORA KOPPARBERG made a SKr 58m ($13.5m) pre-tax profit on sales of SKr 1.95bn ($454m) for the first eight months of the year. Having disposed of its steel operations to SSAB, the new half state-owned steel company, Stora Kopparberg will be a pulp, paper and power company from January 1, and no direct comparison can be made with last year's results.

The eight-month performance is, however, rather better than forecast. Mr. Erik Sundblad, the managing director, told the annual meeting in May that he hoped the company would break even before tax in 1978 after slumping into a SKr 127m loss last year. The eight-month report anticipates a final pre-tax figure for the year of around SKr 100m after extraordinary items.

At the eight-month stage last year, Stora Kopparberg showed a pre-tax loss of SKr 105m. Disposing of the steel business has thus helped to bring a SKr 163m improvement in earnings. After extraordinary items, the advance is SKr 153m to a profit of SKr 76m.

A comparison of the operating profit after depreciation for those operations remaining with Stora Kopparberg shows a fall of SKr 6m to SKr 185m over the eight months. But this figure includes SKr 2m in stock losses against stock gains of SKr 50m last year and depreciation is up by SKr 18m to SKr 127m.

The net financial charges remain high at SKr 127m or SKr 17m larger than in the corresponding period of last year, when the steel operations were included. However, this year's charges include SKr 23m in estimated interest costs on the pensions debt—these costs were taken as operating costs last year.

The interim report notes that deliveries of most company products increased during the spring and summer, and production capacity is now being better utilised. Prices for pulp, fine papers and timber have firmed, although pulp prices are still on the whole lower than the average for last year.

Pulp stocks have been reduced to below the normal level, but current prices do not fully cover the capital costs of the new plant at Skuskaer. Newsprint demand has been strong enough to allow for higher capacity utilisation, while the fine paper plants have been working at full capacity.

Ferodo plans a further takeover in France

BY DAVID WHITE

PARIS, Oct. 23.

AGAINST A background of stagnating sales and profits in its French-based operations, the Ferodo motor components group is continuing its moves to strengthen its market position.

Following a FFr 115m ($27m) investment giving it effective control of Ducellier, the French electrical components business in which Lucas Industries of Britain holds 49 per cent, Ferodo has announced its intention of taking over "a foreign company with substantial business in our range of automobile products."

In a letter to shareholders of S.A. Française du Ferodo, the company's chairman, M. André Boisson, said the company was also planning to raise its equity capital, now at FFr 154m. It will be the first time Ferodo has come to the market since 1970. He disclosed no further details of either of these plans.

Ferodo's effective control of Ducellier, which is being contested by Lucas, involved the purchase of a 92.5 per cent interest in a joint venture with DBA, the Bendix subsidiary which holds the 51 per cent controlling stake. Lucas had earlier agreed with Bendix to buy the DBA stake for $26m—which, allowing for exchange rate movements, is equivalent to what Ferodo has paid—but its plan to take full control failed to receive French Government approval.

Ducellier remains a joint subsidiary of DBA and Lucas, but the Ferodo deal gives the French group control of the majority voting rights.

Another move outlined in the shareholders' letter is co-operation with "a specialist in the production of electronic components," which Ferodo expects to be agreed on in the near future, fitting in with a series of pacts being negotiated between French groups and U.S. semiconductor manufacturers.

Ferodo's recently-established U.S. subsidiary, Valeo, might be used in the future to start up industrial activities, the company said.

Overseas business was the strongest point in Ferodo's performance in the first half of this year, when parent company figures showed a drop in net profit to FFr 31m from FFr 41m in the same period last year. The company said the 1977 first half figure was boosted by exceptional earnings.

Turnover of the parent company rose by 3 per cent to FFr 922m in the six-month period, but Ferodo's sales showed a 5 per cent drop in volume.

On the other hand, turnover of Ferodo's foreign interests rose by 25 per cent in the half-year, and the company expected consolidated sales this year to be 7 per cent higher than in 1977 at over FFr 4.6bn, passing for the first time the $1bn mark. First half figures showed a 6 per cent increase to FFr 2.4bn.

Volker outperforms Stevin

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 23.

TWO DUTCH construction groups, Adriaan Volker and Stevin, today announced sharply differing rates of first half profit growth in the offer document published to mark their forthcoming merger. Net profit at Volker rose 35 per cent to Fl 27m ($13.5m) in the first half of 1978, while Stevin reported a 5 per cent increase to Fl 16.4m.

The two firms last month said they expected to make a combined net profit of Fl 85-90m in the whole of 1978 compared with Fl 71.3m last year, with Volker contributing most of the increase. In today's offer document, Stevin said it expected profits for the year to be Fl 33m compared with Fl 31.3m last time.

A new joint holding company, to be called Volker Stevin, will be set up. Shareholders in Volker will be offered 1¼ new Volker Stevin share and one convertible debenture for each Volker share, while Stevin shareholders will be offered a one-for-one share exchange.

Volker expects turnover on the basis of production to rise 7 per cent to Fl 1.1bn ($550m) in 1978. Turnover on the basis of completed work will rise considerably to Fl 1.3bn. Work outside Holland will account for 67 per cent of the total compared with 71 per cent last year. Orders in hand at July 1 were worth Fl 1.3bn.

Stevin expects turnover to rise marginally to just over Fl 1.8bn. It, too, expects the foreign component to fall this year—to 54 per cent from 58 per cent. Orders-in-hand at the end of August were worth Fl 1.7bn, sharply down on the figure of Fl 2.2bn in January.

Sceptical reaction to Volvo deal

By Fay Gjester

OSLO, Oct. 23.

NORWEGIANS REMAIN sceptical about the proposed cars-for-oil deal with Volvo of Sweden, a public opinion survey shows. Nearly half of them still do not know what to think.

The survey, conducted last month and published today in the Oslo daily Dagbladet, shows that 32 per cent of those questioned feel negative towards the proposals, 24 per cent are positive and 44 per cent don't know. Three months earlier 25 per cent were positive, 32 per cent negative, and 43 per cent did not know.

The September survey shows that 38 per cent believe the deal will benefit Sweden most, and 24 per cent believe it will benefit Norway and Sweden equally. Only 5 per cent believe Norway will reap the most benefits, and 34 per cent do not know.

Skanska Cement profit increases

BY OUR OWN CORRESPONDENT

STOCKHOLM, Oct. 23.

SKANSKA Cementgjuteriet, the largest construction group in both Sweden and Europe, reports pre-tax earnings of SKr 228m ($53.6m) on a turnover of SKr 4.49bn ($1.56bn) during the first eight months. The profit is SKr 16m higher than that for the corresponding period last year, while turnover growth is slightly less than 15 per cent.

The managing director, Mr. Bengt Haak, now expects a final turnover for 1978 of around SKr 7.2bn and pre-tax earnings "somewhat higher" than the SKr 336m recorded last year. This result would be rather better than that forecast in the spring, when Skanska indicated that it would do well to maintain earnings in 1978.

The improvement stems from foreign contracts, not from domestic business. In Sweden building investment will fall short of the 1977 level, because of the sharp decline in spending by industry. The growing importance of foreign contracts for Skanska is illustrated by the order book, which rose by SKr 1.5bn during the eight months, to SKr 6.7bn. While domestic orders declined, Skanska won some major orders in Saudi Arabia and Tunisia during the period. At the end of August foreign contracts made up 45 per cent of the order book, compared with 33 per cent in January.

Group liquidity increased during the period, partly as a result of advance payments on contracts. The financial item in the profit and loss account shows an income of SKr 57m.

SI Pirelli turnover cut

BY JOHN WICKS

ZURICH, Oct. 23.

GROUP TURNOVER at Societe Internationale Pirelli, of Basle, fell by 16 per cent over the first half of the current financial year, as a result of the strength of the Swiss franc in the foreign exchanges. Profits were also down on the previous year's levels, according to the company, which forms part of the Dunlop Pirelli union.

The Swiss holding company, which has already announced an unchanged net dividend of SwFr 15 per share for the year to June 30, after profits of SwFr 31.24m ($20.7m) against SwFr 32.75m previously, gives group turnover for 1977-78 as SwFr 2.98bn ($2bn), a rise of 11 per cent over the previous year's figure of SwFr 2.66bn.

Investments returned to "normal levels" last year, the sum of SwFr 130m comparing with high expenditure of SwFr 220m and SwFr 194m in the two preceding years.

Assicurazioni Generali lifts income

By Our Financial Staff

GROUP PREMIUM income of Assicurazioni Generali, Italy's largest insurance group, rose 18.4 per cent to $1.67bn in the half-year to June 30.

The parent company's total premiums for both its Italian and overseas business amounted to $587m, an increase of 17.4 per cent, and the claims experience continues to be satisfactory.

Investment income earned during the first half-year amounted to $69m, a rise of 21.7 per cent, and for the whole year is estimated to exceed $145m on investments which will exceed $2.45bn.

General expenses, including allocations to staff retirement and pension funds, amounted to $102m, an increase of 21.8 per cent.

The results for the year are expected to be at least equal to those reported in 1977, when it earned a net profit of L22.8bn ($26.5m), the company said.

Oce maintains forecast

BY OUR OWN CORRESPONDENT AMSTERDAM, Oct. 23

OCE-VAN DER GRINTEN, the Dutch copier group which last year acquired the British company Ozalid, is to raise its interim dividend to Fl 3.80 per Fl 20 nominal share from Fl 3.80 last time. Net profits rose by just 3 per cent to Fl 28.4m ($14.2m) in the first nine months of the year, but the company still maintains its forecast of a 5 per cent increase for the year as a whole. This implies a net profit of Fl 39.6m in the year ending November 30.

Oce's operating profit was 7 per cent higher at Fl 67.7m but a less favourable interest balance, lower income from its share of minority holdings and a higher tax bill meant the increase at the net level was smaller. Turnover rose 8 per cent to Fl 916m ($455m). The figures include the results of Ozalid although they only relate to 8 months trading of the UK company in 1977.

Business developed satisfactorily in the first 9 months, Oce said. Net profit per share rose to Fl 16.16 from Fl 15.73 in 1977.

Industrie Buitoni

Industrie Buitoni Perugina, the Perugia-based foods company, has set up a holding company in France as part of a project to reorganise its European activities, our Financial Staff writes. IBP Europa, the new holding company, will control the group's operations in France, Britain, Holland, Sweden and Spain. The restructuring project aims to give greater penetration to Buitoni group products on European markets. To finance it, the company has obtained a series of medium-term loans from a group of French and Italian banks for a total of $21.5m.

Austrian bank increases capital

By Paul Lendvai

VIENNA, Oct. 23.

KOMMUNALKREDIT AG, the Austrian development bank is increasing its capital by Sch 30m to Sch 100m ($2.25m). The Federal Republic has a holding of 15 per cent, whereas other major shareholders are the Postal Savings Bank and the Genossenschaftliche Zentralbank.

Mr. Peter Schramle, member of the Board, was elected yesterday as new director general in place of Mr. Josef Neubauer who retired. Dr. Josef Benninger, a director of Zentralsparkasse, the Vienna-based savings bank also joined the Board.

Geneva bank downturn

BY OUR OWN CORRESPONDENT ZURICH, Oct. 23

DESPITE A fall in net profits from SwFr 7.06m to SwFr 6.16m, the Geneva-based Societe Financiere Italo-Suisse has expressed satisfaction with regard to the 1977-78 financial year and recommends payment of an unchanged 10 per cent dividend, plus a bonus of 2 per cent. The fall in profits is attributed primarily to increased depreciations and provisions and the fall in interest rates. Net assets rose by some SwFr 6m over the period to SwFr 127m.

The Swiss watch and electronic components manufacturer Portescap SA, of La Chaux-de-Fonds, has taken over the Philadelphia-based company Transicoil. Transicoil is a producer of precision equipment for use in the aerospace sector and in numeric machine controls. The Swiss group already plays an important part on the U.S. market for direct current miniature motors.

October 1978

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LANDESBANK RHEINLAND-PFALZ – GIROZENTRALE –

LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE

BADISCHE KOMMUNALE LANDESBANK – GIROZENTRALE –

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INTL. FINANCIAL AND COMPANY NEWS

IGERIAN BORROWING

German banks join Euroloan

BY MARY CAMPBELL

ST WEEK'S unexpected :ision by the German banking ısortium to come into the 0m eight-year Eurocurrency n is a great coup for the ;erian Ministry of Finance. ce the mid-September cutback the size of the loan from the ·n originally scheduled to 0m, it has been widely ex- ted that the German DM 2bn ancing for the Warri steel nt would go ahead completely ependently. Now, it seems, s will not be the case. As 'ays planned, DM 1.25bn will › rovided by German banks ler guarantee of the German port credit agency Hermes, but DM 750m unguaranteed por- ı. of the German financing ıich also includes a small strian bank interest) will be led to the $750m loan, bring- it to $1.15bn.

'he significance of the man decision is that it gives ch needed credence to the ım by the Nigerian Ministry Finance that all future rowing from foreign commer- l banks for financing capital jects will take the form of ge loans to the Nigerian ernment. What many banks ied and expected was that ns would be arranged on a ject by project basis by ional groups of western banks king up their companies dering for business.

'he telex setting out the erian MoF's policy (which ; sent to major international ıks early in August) said that Warri project might be an eption to the general policy gotiations with the German ıking consortium were more anced than on other con- ts). The fact that the man banks have decided to ndon hope of an independent ject financing for Warri is refore doubly significant.

According to sources in the man / Austrian banking syndicate, the reason for the German change of heart is that the Nigerians said they would reconsider the whole Warri project if the German banks did not add their loan to the jumbo. The contract was of considerable importance to the German consortium building the Warri complex (a consortium led by Gutehoffnungshütte and involving a lot of top German companies). Given that the Nigerians have already invested a lot in Warri themselves, many doubted that the project would have been cancelled. But the Germans apparently wanted to avoid even substantial delays.

The Nigerian government's search for large-scale international financing has received a number of setbacks in the last few months notably a West German decision not to join a Euroloan arrangement. After the parties reconsidered their respective positions and priorities, the West Germans have finally decided to take part in the $750m loan.

The news of the Germans' change of heart is still too fresh to have produced definitive reactions among the many bankers hanking back from the Eurocurrency loan; but it has certainly boosted hopes among managers that the banks which have hitherto been reserving their Nigerian lending capacity to back up their customers tendering for contracts in Nigeria (loans which amount to a potential of hundreds of millions per bank, though only a few may be expected to materialise), are now reportedly nosing around the jumbo. A commitment from Japanese banks, noticeable absent from the lending syndicate so far, would be particularly significant.

The Nigerian victory in getting the Germans into the jumbo is by no means complete. One way or another the $395m portion, which was originally to have been provided by the German/Austrian consortium, will be tied to expenditure on the Warri project, with draw-down being effectively tied to progress reports by independent consultants. At the same time, discussions during the rest of this week could lead to the rest of the jumbo being more closely tied to progress reports on the projects for which it is earmarked. In other words the principle of a unified policy which has brought the Germans into the jumbo loan could mean that the jumbo moves closer to being a project loan, just as the German project loan overtly becomes an untied financing by virtue of being added to the jumbo.

The key question here is how the loan will be administered, and this is still under discussion. One option for the German portion is for the whole $395m to be drawn by the Nigerian central bank immediately after the loan is signed. It would apparently be added into the Nigerian foreign exchange reserves figures but in fact be placed in a separate account to be administered by the Deutsche Bank.

If a formula of this nature is agreed for the German portion of the financing then the principle of unity could lead to a similar procedure being adopted for part if not all of the $750m main body of the loan.

In effect, therefore, Nigeria's use of the proceeds of the curent loan may well be much more restricted than was the use of the proceeds of the original $1bn Eurocurrency loan signed last January.

Whether it finds the sacrifice worthwhile will depend on the urgency with which it needs untied foreign exchange resources. For, if Nigeria can cope with its immediate cash flow problems the establishment of a principle of jumbo loans, semi-tied to progress on major development projects, could well pay dividends in the medium term. One major bank said a couple of months ago that it had $2bn tied up backing customers tendering for projects in Nigeria; many banks had potential commitments of several hundred million. These would be released if the banks and the companies they are backing believe that the Ministry of Finance will stick to the principle of jumbo financing.

Still overhanging the present loan is the legal dispute between Nigeria and various companies which supplied it with cement in 1975. Most pressing is the Ipitrade case: Ipitrade, a French trading company, got an order from a French court which effectively prevents French banks from participating in the loan until a solution has been found to its dispute with the Nigerian Government. The Nigerian Solicitor - General reportedly met key members of the banking consortium last week and explained his view of Ipitrade and other cement-linked claims on the Nigerian Government.

Sperry Rand to sell equity to Indians

By K. K. Sharma

NEW DELHI, Oct. 23.

THE SPERRY RAND Corporation of the U.S. is to sell to Indians all its 605,850 equity shares in Remington Rand of India. The sale will take place early in November at R17.50 for each share of R10 nominal —or a total of Rs 10.6m ($1.3m) — and with this Remington Rand will become a wholly Indian-owned company.

The company was incorporated in 1952 as a wholly-owned subsidiary of Remington Rand (prior to its amalgamation with Sperry Rand in 1955), but in 1967, the non-resident holding was brought down to 65 per cent. The foreign holdings were further reduced to 51 per cent in 1975, to finance establishment of a new plant to manufacture portable typewriters. In India, the company has two plants, at Howrah in West Bengal and Faridabad in Haryana to manufacture standard and portable typewriters, filing cabinets and a wide range of office equipment. Its dividend in 1978 was 10 per cent.

Brown and Dureau lifts earnings

Brown and Dureau, the Australian import and export group, has announced a 19 per cent profit increase for the fiscal year to June 30, AP-DJ reports from Melbourne.

Profits rose from A$1.7m in 1976-77 to A$2m (U.S.$2.3m) in 1977-78.

Turnover increased from A$9.3m to A$10.4m (U.S.$ 12.2m) in 1977-78, an increase of 13 per cent.

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September, 1978

Record profits at SA Druggists

y Richard Rolfe

JOHANNESBURG, Oct. 23.

UTH AFRICAN Druggists, ich is the main manufacturer l distributor of pharmaceuti- s in the republic, and which now controlled by Federale lksbeleggings (FVB), the lustrial arm of the Sanlam e Insurance Group, has orted record profits in a ond interim statement for the months to end-August. This iod compares with its last full r to August 31, 1977. The r end has been changed to l-March to conform with that FVB.

A Druggists' turnover rose m R117m to R142m ($163m) the 12-month period and pre- profits from R7.4m to R11.7m. profit, including the Alumina up of companies, rose from 2m to R8.1m. Issued share- ital, however, has risen from .1m to R29.1m shares, so nings per share are up by a er amount from 19.9c to 27.8c. dividend has been raised n 10.5 cents to 12 cents and shares, at 180c, yield 6.7 per t.

leanwhile, the board has en a look into the future with current set of figures and dicts earnings per share in with those just reported for rest of the current 18-month ncial period, followed by not than 32c per share for the r to March, 1980.

ock Exchange move

Johannesburg Stock Exchange will close on December 8 11, and reopen on December following the move to a new lding, the exchange ounced, reports Reuter from annesburg.

Sasol plant construction reaches peak level

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Oct. 23.

CONSTRUCTION work has reached its peak on the second South African Coal, Oil and Gas Corporation (Sasol) oil-from-coal plant, according to Mr. D. P. de Villiers, chairman of Sasol. The R2.45bn ($2.8bn) plant, called Sasol 2, is due to come on stream in a year's time.

The local content of the plant's construction has risen from 57 per cent to 60 per cent of the total cost, equivalent to a saving of R75m in import bills. With the existing Sasol plant supplying about 6-8 per cent of the Republic's oil needs, Sasol 2 is expected to raise the total supply to about one-third.

Sasol raised turnover last year from R693m to R833m ($954m) and pre-tax profits from R79m to R115m ($131m). While higher selling prices for fuel products have been one factor, increased productivity has clearly helped, too, and the company has indicated that in the past three years, the value of production has risen 89 per cent, total manpower by 8 per cent and physical output in tons per employee by 14 per cent.

At the Sasol 2 site, the labour force has risen above 20,000 and large scale training programmes have been set up in welding, pipe fitting and pipe installation. A bulk sample of coal from Bosjesspruit, the Sasol 2 colliery which will eventually deliver 12m tons of coal per year to the plant, was successfully gasified at the existing Sasol plant during the year

Despite the general preoccupation with the Sasol 2 project, the group continues to research into alternative processes for conversion of coal to liquid and solid hydrocarbon fuels. Pilot plant testing is in progress for Kominic, the Australian consortium, to upgrade Australian brown coal into a solid product, by the Sasol solvent refined coal process. If successful, this will enable low grade Australian coals to be upgraded into a high quality product suitable for the steel industry in Japan.

Mr. de Villiers added that "consulting services are being provided to numerous companies with an interest in coal gasification and liquefaction" and that a gasification test was also successfully carried out on a sample of Texas lignite during the year.

Hongkong Land loan details

BY ANTHONY ROWLEY

HONG KONG, Oct. 23.

HONGKONG LAND intends to apply around one-third of the HK$584m (U.S.$123m) net proceeds of its recently-announced HK$600m loan stock rights issue to refinancing existing debt, and the remainder to a current development programme costing around HK$1,100m.

The document issued today formally detailing the loan stock issue gives a pro-forma consolidated balance sheet for June 30, 1978 (which updates the last report and accounts by six months) and quantifies the impact that the major funding will have on Hongkong Land's gearing.

Total capital employed at June 30 was HK$4,325m, of which HK$1,324m consisted of loans and bank borrowings 70 per cent of them being long term), giving a debt cover of 3.3 times. With the adding in of the loan stock (and exclusion of the refinancing of existing debt) the debt cover is reduced to 2.6 times.

Interest payments by the group this year (to December 31) excluding interest on the 8 per cent unsecured loan stock, 1984-93, are expected to be HK$94.7m, and would be covered 4.3 times by the estimated profits before interest and tax. Interest cover falls to 2.9 times if a full year's interest cost on the loan stock is charged, however.

The company is forecasting net after-tax profits, before extraordinary items, of HK$276m this year, an increase of 22.4 per cent over last year, after announcing interim net profits up 49.1 per cent to HK$135.4m.

The loan stock document shows that Hongkong Land derived 54 per cent of net post-tax and post-minorities profits from commercial properties and 5 per cent from residential properties in 1977. A further 11 per cent came from sale of residential developments and 22 per cent from the food products division. Hotels and other activities contributed the remainder

Commercial properties contributed 80 per cent of total net assets at book value last year, suggesting to some analysts scope for improved returns on commercial properties through reversions. Hongkong Land is heavily involved on further major commercial and residential, as well as industrial developments, in central Hong Kong and in the New Territories.

The 50 per cent paid loan stock, being issued at par on the basis of HK$1.25 nominal of stock for each HK$5 share held carries warrants which, if fully exercised by December 31, 1986, would result in a total of HK$600m of new ordinary shares being issued by the group.

IFC stake in Thai Orient Leasing

By Our Financial Staff

THE INTERNATIONAL Finance Corporation (IFC), an affiliate of the World Bank, has announced a second investment in the equipment leasing field, with the taking of an equity participation of US$150,000 in Thai Orient Leasing Company, of Thailand.

Other sponsors of the company are several Thai financial institutions—the Industrial Finance Corporation of Thailand (IFCT), Asia Credit and the Bangkok Insurance Company — as well as Orient Leasing Company of Japan, one of the largest independent leasing companies in the world. Thai Orient Leasing's initial capital is approximately US$1m and, in addition, it is arranging to borrow long-term funds from IFCT, including a sub-loan from a World Bank line of credit.

The project is expected to contribute to the growth of Thailand's industrial and services sectors by encouraging the development of a leasing industry as a supplementary source of long-term funds, says IFC.

This announcement appears as a matter of record only *October 1978*

Coral Leisure Group Limited

£30,000,000

Unsecured 4 and 7 year Loan Facilities

Managed by

BARCLAYS MERCHANT BANK LIMITED

Provided by

Barclays Bank Group

American Express International Banking Corporation County Bank Limited

Citibank N.A. The Royal Bank of Scotland Limited

National Westminster Bank Limited

New Issue
October 23, 1978

All these Bonds having been sold, this announcement appears as a matter of record only.

REPUBLIC OF VENEZUELA

DM 150,000,000
6½% Bonds due 1990

with Banco Central de Venezuela as financial agent for the Republic

WESTDEUTSCHE LANDESBANK GIROZENTRALE

DRESDNER BANK Aktiengesellschaft — DAIWA EUROPE N.V. — MANUFACTURERS HANOVER Limited

MORGAN STANLEY INTERNATIONAL Limited — SWISS BANK CORPORATION (OVERSEAS) Limited

Abu Dhabi Investment Company
Afin S.p.A.
Alahli Bank of Kuwait (K.S.C.)
Algemene Bank Nederland N.V.
A.E. Ames & Co. Limited
Amsterdam-Rotterdam Bank N.V.
Arab African International Bank – Cairo
Arab Finance Corporation S.A.L.
The Arab and Morgan Grenfell Finance Company Limited
Araven Finance Limited
Bache Halsey Stuart Shields Incorporated
Badische Kommunale Landesbank – Girozentrale –
Banca Commerciale Italiana
Banca del Gottardo
Banca Nazionale del Lavoro
Banco di Roma
Bank of America International Limited
Bank Julius Baer International Limited
Bankers Trust International Limited
Bank für Gemeinwirtschaft Aktiengesellschaft
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Bank Mees & Hope NV
The Bank of Tokyo (Holland) N.V.
Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque Bruxelles Lambert S.A.
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg Société Anonyme
Banque de l'Indochine et de Suez
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque de Neuflize, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque de Paris et des Pays-Bas (Suisse) S.A.
Banque Populaire Suisse S.A. Luxembourg
Banque Rothschild
Banque de l'Union Européenne
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechsel-Bank
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank
Joh. Berenberg, Gossler & Co.
Bergen Bank
Berliner Bank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited
Bremer Landesbank
Caisse des Dépôts et Consignations
Chase Manhattan Limited
Christiania Bank og Kreditkasse
Citicorp International Group
Commerzbank Aktiengesellschaft
Compagnie Monégasque de Banque
Copenhagen Handelsbank
County Bank Limited
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit Industriel et Commercial
Crédit Lyonnais
Credito Italiano
Credit Suisse First Boston Limited
Dai-Ichi Kangyo Bank (Schweiz) AG
Richard Daus & Co. Bankiers
Den Danske Bank af 1871 Aktieselskab
Den norske Creditbank
Deutsche Bank Aktiengesellschaft
Deutsche Girozentrale –Deutsche Kommunalbank –
DG Bank Deutsche Genossenschaftsbank
Dillon, Read Overseas Corporation
Drexel Burnham Lambert Incorporated
Effectenbank-Warburg Aktiengesellschaft
Euromobiliare S.p.A.
European Banking Company Limited
Robert Fleming & Co. Limited
Fuji International Finance Limited
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Greenshields Incorporated
Groupement des Banquiers Privés Genevois
Hambros Bank Limited
Hamburgische Landesbank – Girozentrale –
Handelsbank N.W. (Overseas) Limited
Georg Hauck & Sohn
Hessische Landesbank – Girozentrale –
Hill Samuel & Co. Limited
E.F. Hutton & Co. N.V.
The Industrial Bank of Kuwait K.S.C.
Industriebank von Japan (Deutschland) Aktiengesellschaft
Istituto Bancario San Paolo di Torino
Kansallis-Osake-Pankki
Kidder, Peabody International Limited
Kleinwort, Benson Limited
Kredietbank N.V.
Kredietbank S.A. Luxembourgeoise
Kuhn Loeb Lehman Brothers International
Kuwait Financial Centre S.A.K.
Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. s.a.k.
Kuwait Investment Company (S.A.K.)
Bankhaus Hermann Lampe Kommanditgesellschaft
Landesbank Rheinland-Pfalz –Girozentrale –
Landesbank Saar Girozentrale
Landesbank Schleswig-Holstein Girozentrale
Lazard Brothers & Co. Limited
Lazard Frères et Cie.
Lloyds Bank International Limited
Loeb Rhoades, Hornblower International Limited
McLeod Young Weir International Limited
Merck, Finck & Co.
Merrill Lynch International & Co.
B. Metzler seel. Sohn & Co.
Mitsubishi Bank (Europe) S.A.
Morgan Grenfell & Co. Limited
National Bank of Abu Dhabi
The National Bank of Kuwait S.A.K.
The Nikko Securities Co., (Europe) Ltd.
Nippon European Bank S.A.
Nomura Europe N.V.
Norddeutsche Landesbank Girozentrale
Österreichische Länderbank Aktiengesellschaft
Sal. Oppenheim jr. & Cie.
Orion Bank Limited
Pierson, Heldring & Pierson N.V.
PKbanken
Postipankki
Privatbanken Aktieselskab
Renouf & Co.
Rothschild Bank AG
N.M. Rothschild & Sons Limited
Salomon Brothers International Limited
Saudi Arabian Investment Company, Inc.
J. Henry Schroder Wagg & Co. Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Société Générale
Société Générale de Banque S.A.
Société Séquanaise de Banque
Sparbankernas Bank
Sumitomo Finance International
Sun Hung Kai International Ltd.
Svenska Handelsbanken
Trinkaus & Burkhardt
Union Bank of Finland Ltd.
Union Bank of Switzerland (Securities) Limited
Union de Banques Arabes et Françaises – U.B.A.F.
Vereins- und Westbank Aktiengesellschaft
J. Vontobel & Co.
M.M. Warburg-Brinckmann, Wirtz & Co.
S.G. Warburg & Co. Ltd.
Westfalenbank Aktiengesellschaft
WestLB Asia Limited
Wood Gundy Limited
Württembergische Kommunale Landesbank Girozentrale
Yamaichi International (Europe) Limited

WORLD STOCK MARKETS

Weak trend offset by late Wall St. rally

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—79% (80½%)

A LATE TECHNICAL rally left stocks mixed in active trading as the market attempted to repair the damage of its worst ever slide.

Investors remain worried about rising interest rates and President Carter's anti-inflation message due to be announced today.

The Dow Jones Industrial Index added 1.65 to end at 839.66, but declines led advances more than two-to-one on a volume of 16m shares against the 43.67m traded on Friday. The Transport Index rose 0.88 to 224.73 and Stocks edged up 0.55 to 286.93. However, Utilities were 0.13 lower at 102.17. At lunchtime the Dow Jones Industrial Index had been 8.57 lower at 829.44.

After the close, Chemical Bank raised its prime rate to 10¼ per cent with effect from today. The industry only moved to 10 per cent just over a week ago.

Dealers thought the Federal Reserve had moved to tighten credit further, but later revised that estimate. They said the apparent Federal funds target still seemed to be 9 per cent.

The market was also aided by comments by U.S. Budget Director McIntyre that President Carter would be frank in his address about inflation and would detail the "unpleasant steps" necessary to deal with it.

White House sources said the guidelines for price increases might be flexible, not fixed as Administration officials had said previously. A guideline of 5.75 per cent had been expected.

Pan American World Airways topped the active list adding 25 cents to $7¼. It reported a big jump in third quarter earnings. **UAL Inc.**, also active, climbed $1¼ to $34½.

Occidental Petroleum, in second place, lost $1¼ to $16⅞. It blamed lower third quarter results on the effects of the recent rail strike on its coal division. **Exxon** lost ⅛ to $49⅞ in active trading. Its third quarter profit also declined and it cited currency translations as the cause.

Standard Oil Indiana gained ¾ to $51⅞. **Gulf Oil** ⅛ to $23¾ and **Atlantic Richfield** ⅜ to $52¼. They all posted higher third quarter earnings.

General Electric, which lost more than a point Friday in heavy trading, slipped again by ⅛ to $49⅛ in heavy turnover.

Du Pont added 50 cents to $130½, **IBM** $1⅛ to $278¼, **Merck** $1 to $57¼. **Alcoa** 75 cents to $48½. Active **Eastman Kodak** rose $1 to $61. **Polaroid** added ¾ to $49¼, **Owens-Illinois** $1¼ to $21¼, **Teledyne** $4 to $95 and **Xerox** $1¾ to $52⅞.

Westinghouse Electric eased 25 cents to $19¾. It agreed to plead guilty to making false statements to th eGovernment on foreign pay-offs and to pay a $300,000 fine.

Seaboard World Airlines dropped $2 to $12⅞, ex-dividend. The Civil Aeronautics Board ordered Tiger International to stop buying Seaboard shares pending a review. iger was unchanged at $25 also ex-dividend.

Johns-Manville lost 75 cents to $28¾. Its third quarter earnings rose slightly.

Canada

Canadian share prices closed lower in active trading. The Toronto Composite Index was off nearly 13 points with declines in 11 of its 14 component groups. Oil and Gas, Real Estate, Consumer Products, Transportation and Financial Services all fell more than 20 points. Losses outnumbered gains 408 to 85.

Peoples Jewelers "A" shed ⅜ to $13½. The company intends to offer rights to purchase one class "A" share at $12.50 for every 10 shares held.

Dome Pete dropped $2¼ to $79, **Imasco "A"** lost $1½ to $34¾, **George Weston** $1⅜ to $18⅜ and **Westburne** $1¼ to $30¼.

Noranda "A" rose 50 cents to $34½. **Imperial Oil's Esso Resources** agreed to acquire an interest in oil and gas acreage held by Noranda's Canadian Hunter Explorations. Closing volume totalled 3,900,654 shares against 4,247,321 on Friday.

Tokyo

TOKYO—The market closed lower for the first time in seven sessions following the sharp yen appreciation in Tokyo. In a volume of 380m shares, the Tokyo Stock Exchange index closed at 438.19 down 1.53.

Export-orientated issues led the fall with investors discouraged by the higher yen. **Matsushita Communication** fell Y70 to Y1,900, **Pioneer** Y30 to Y1,400, **Toyota Motor** Y2 to Y860 and **Matsushita Electric** Y5 to Y744.

However, issues related to trade with China rose in active trading following exchange of instruments of ratification of the Sino-Japanese Peace and Friendship Treaty. Among major gainers. **Himo Motor** rose Y7 to Y375, **Nissan Diesel** put on Y5 to Y428, **Bridgestone Tire** Y13 to Y528 and **Komatsu** advanced Y4 to Y380.

Cotton Spinners, Machine Tools, and some Public Works issues also rose but Pharmaceuticals, Shipping Lines and some others closed lower in sympathy with export-orientated issues.

Paris

The market eased in most sectors undermined by the weakness of the dollar and growing industrial unrest in France.

In lower Electricals Matra gained fractionally while L'Oreal lost Frs 14 to Frs 765 despite announcing plans to raise its capital by Frs 700m.

Peugeot-Citroen was Frs 9 lower at Frs 501 and in Rubber Michelin fell Frs 43 to Frs 1260. Rhone-Poulenc in Chemicals shed Frs 4 to Frs 120. All foreign stocks moved lower undermined by the weakness of Wall Street. Legrand fell Frs 34 to Frs 1905 and Carrefour lost Frs 158 to Frs 2090.

Germany

FRANKFURT—Share prices fell in quiet trading on lack of buying interest and the fall on Wall Street. The weaker dollar was also a depressing factor.

In Autos VW fell DM 3.80 and Daimler, which announced higher group sales in the first nine months, fell 50 pfennigs to DM 349. Kaufhof which also announced higher first nine month 1978 group sales fell DM 4 to DM 252.

BHF Bank, which said it was raising its share capital by DM 15m to DM 116m, fell DM 4.20, and Deutsche Bank fell DM 3.10 to DM 314.5.

Elsewhere Preussag fell DM 6, MAN Ordinary shares fell DM 5.50 and GHH and KHD each fell DM 5.

On the bond market public authority issues fell up to 35 pfennigs while the regulating authorities bought a nominal DM 11.5m of paper. The DM 550m six-year West German Federal Railway bond at 6 per cent priced at 99½ per cent was not unfavourably received and was quoted at a slight discount.

Amsterdam

AMSTERDAM—Shares prices closed lower following the further decline in the U.S. dollar and on Wall Street. All Dutch Internationals declined, with Unilever losing Fl 2.50 and Royal Dutch Fl 1.10 to Fl 123.1. HVA dropped Fl 4.30, KLM Fl 4.20 and ABN Fl 3.30. Volker and Stevin were unchanged after issuing their merger offer document with higher first-half profits. OCE-Van Der Grinten fell Fl 4.40 to Fl 169.5 after Friday's announcement of a higher interim dividend and nine months' profits. Heineken lost Fl 1 to Fl 46.5 and Pakhoed fell Fl 2.4 to Fl 44.0.

Brussels

BRUSSELS — Belgian share prices were mixed in moderate trading. Lambert, Unerg, Vieille Montagne, Hainaut Sambre, Wagons-Lits and Finoutremer rose. But Asturienne, Union Miniere, Hoboken, Socfin, UCB and Mosane fell. Arbed shed BFr 15 as did Soc Generale. Sofina and FN were also weak.

Milan

MILAN—Prices closed generally lower in moderate trading. Montedison was sharply lower at L193.25 against Friday's close of L216 in the first day of the company's four-for-three rights issue at par value of L175.

All leading Industrials, Banks and Insurances lost ground. Financials were also lower, following the general trend. Snia Viscosa fell L51 to L749 and Pirelli lost L45 at L959. Fiat was also weaker.

Switzerland

ZURICH—Swiss stock prices were lower at the close on the Zurich exchange. Trading was moderate. The Swiss Credit Bank stock index was off 0.2 at 245.3. The decline affected most sectors. Among Industrials Buehrle, Motor Columbus and Alusuisse all closed with losses. Shares of Fisher and Landis and Gyr were unchanged however.

Banks were generally weaker, with the Big Three all showing losses at the close. Insurances also were weak. Among Pharmaceuticals Ciba-Geigy non-voting shares rose SwFr 5 to 735.

Oslo

OSLO—Industrials and shipping were mixed, while Banking and Insurances were slightly easier.

Vienna

VIENNA—Share prices were generally quietly steady, gainers including Allegemeine Bauporr, Jenbacher and Veitscher. Kabel, Meinl and Stoelzle eased, however. Industrials ended irregular.

Copenhagen

COPENHAGEN — Stock prices closed generally lower, and dealings were fair. Banks and Communications eased, while Insurances were unchanged and Shippings were narrowly mixed.

NEW YORK

Stock	Oct. 23	Oct. 20
Abbott Labs	32¾	32⅞
Addressograph	23	22¾
Aetna Life & Cas.	39	38⅞
Air products	26½	25⅞
Alcan Aluminium	32¾	32½
Alcoa	48¼	47⅞
Alleg. Ludlum	16¾	17
Corning Glass	55⅝	55¼
CPC Int'n'tional	50⅛	50¼
Crane	27⅝	27¼
Crocker Natl	27¼	27
Crown Zellerbach	34¼	33¾
Cummins Engine	33¼	33
Curtiss Wright	16	16¼
Dana	29½	29½
Johns Manville	28¾	29½
Johnson Johnson	76¼	77⅛
Johnson Control	25⅛	25⅝
Joy Manufactur'g	32⅝	32½
K. Mar Corp.	25⅛	25⅞
Kaiser Aluminium	36⅝	35⅞
Kaiser Industries	2⅛	2
Kaiser Steel	22	22
Kay	13	13⅝
Revlon	50⅞	50½
Reynolds Metals	36	35⅝
Reynolds R. J.	58¼	58⅝
Rich'son Merrell	22⅝	23
Rockwell Inter.	34⅝	34⅞
Rohm & Haas	35⅝	35¾
Royal Dutch	63½	63¼
RTE	12	12⅛
Woolworth	19⅝	19⅝
Wyly	5¼	5
Xerox	52⅞	51⅛
Zapata	14⅝	14⅜
Zenith Radio	14½	14
U.S. Treas. 4% 1980	†94⅛	†94½
US Treas 4¼% 75/85	†80⅛	†80⅛
U.S. 90-day bills	7.75%	7.75%
Columbia Gas	25½	26⅛
Columbia Pict.	19⅝	19⅛
Com. Ins. Co. of Am	17⅛	17⅛
Combustion Eng.	34¾	35¼
Combustion Eq.	13⅛	12⅝
C'm'w'th Edison	26	26⅛
Comm. Satellite	39½	40
Computer Science	12	12⅝
Conn Life Ins.	36⅝	37⅜
Conrac	18⅜	18¾
Con Edison N.Y.	23⅝	23½
Consol Foods	23⅞	23¾
Consol Nat Gas	37⅛	37⅝
Consumer Power	22¾	22¾
Continental Grp.	29	29¾
Continental Oil	26⅞	27
Continental Tele	15½	15¾
Control Data	34	35½
Cooper Indus.	45¼	46½
Hutton (E.F.)	16⅝	17⅛
I.C. Industries	25⅜	24¾
INA	41½	41⅛
Ingersoll Rand	57⅝	57⅛
Inland Steel	45⅞	36¼
Insilco	14⅛	14
IBM	278.37	276.75
Intl. Flavour	23⅛	23¼
Intl. Harvester	36½	35½
Intl. Min&Chem	37⅞	37⅜
Intl. Multifoods	19⅜	19½
Inco	16⅞	16½
Intl. Paper	41⅝	41⅛
Int. Rectifier	11⅛	9⅞
Int. Tel. & Tel.	28⅝	28¾
Iowa Beef	39¾	39⅛
IU International	11⅛	11¼
Jim Walter	29⅞	30
Phillips Petro'm.	31¼	30⅝
Pillsbury	40⅛	40⅝
Pitney-Bowes	24⅞	25
Pittston	20¾	21
Plessey Ltd ADR	26	25⅛
Polaroid	49¼	48⅝
Potomac Elec.	14½	14⅝
PPG Industries	27¾	27½
Procter Gamble	85⅞	86¼
Pub. Ser. Elect.	22	22
Pullman	39	37¾
Purex	16	16
Quaker Oats	25⅛	24⅞
Rapid American	13⅝	14⅛
Raytheon	46½	46⅛
RCA	27⅛	27
Republic Steel	25⅝	25⅝
Resorts Intl.	59½	54¼
US Technologies	41⅛	41⅞
UV Industries	19⅝	19⅞
Virginia Elect.	14⅛	14⅛
Walgreen	26	26
Warner-Commun.	42⅞	41⅞
Warner-Lambert	25	25⅛
Waste-Man'ment	25	30
Wells-Fargo	30½	30⅞
Western Bancorp	25⅝	27⅛
Western N. Amer.	31⅛	32
Western Union	17	17⅝
Westingh'se Elec	19¾	20
Weyco	25⅝	25⅞
Weyerhaeuser	28¼	27⅝
Whirlpool	20⅞	21½
White Con. Ind.	19	19⅛
William Co.	18⅝	18¾
Wisconsin Elect.	27⅝	27½

CANADA

Stock	Oct. 23	Oct. 20
Shell Canada	16	16
Sherritt G. Mines	7⅛	6⅞
Siebens O. G.	37¼	37
Simpson	6¼	6¼
Steel of Canada	27½	28
Steep Rock Iron	3.65	3.65
Texaco Canada	45¾	46
Toronto Dom. Bk.	20⅝	21⅝
TransCanPipe Ln	17⅝	17¾
Trans Mount Opt.	8⅞	8¾
Trizec	15	†16
Union Gas	10⅞	11
Utd Siscoe Mines	8	8
Walker Hiram	35⅝	36⅝
West Coast Trans	11¼	11⅛
Western Geo.	18⅝	19⅝

† Bid. § Asked. ‡ Traded. ‖ New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ◆ / TOKYO ¶ / AUSTRALIA / BRAZIL / AMSTERDAM / BRUSSELS/LUXEMBOURG / PARIS / OSLO / SWITZERLAND ♦ / JOHANNESBURG / COPENHAGEN ♣ / STOCKHOLM / SPAIN ♥ / MILAN / VIENNA

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.360	—	—	8	23	—	—	F.358.50
ABN	F.380	—	—	5	13	—	—	
AKZ	F.27.50	—	—	50	4.60	—	—	F.29.90
AKZ	F.30	2	2.40	51	3.30	—	—	"
AKZ	F.32.50	237	1.30	62	2.40	60	3.20	"
AKZ	F.35	—	—	49	1.50	—	—	"
ARB	F.78.90	16	1.10	—	—	—	—	F.74
EK	$70	10	1⅞	—	—	—	—	$60⅝
FNG	$25	2	2¾	—	—	—	—	$25¼
GM	$60	5	3¼	6	4⅛	—	—	$62¾
GM	$70	1	⅛	—	—	—	—	"
HO	F.32.50	5	6.50	—	—	—	—	F.37.80
HO	F.35	20	4.50	—	—	—	—	"
HO	F.37.50	4	3.90	—	—	6	7.30	"
HO	$40	—	—	10	4.20	1	6	"
HO	$45	—	—	15	2.30	—	—	"
IBM	$280	3	11⅞	1	17⅝	—	—	$276¾
IBM	$300	10	4¾	3	9	—	—	"
KLM	F.142.90	10	16	—	—	—	—	F.150
KLM	F.150	2	11	2	18	—	—	"
KLM	F.152.40	12	11	—	—	—	—	"
KLM	F.160	6	7.10	39	12	—	—	"
KLM	F.161.90	13	7	—	—	—	—	"
KLM	F.170	19	5	22	9	—	—	"
KLM	F.171.40	28	5	—	—	—	—	"
KLM	F.181	29	2.50	—	—	—	—	"
KLM	F.190.50	5	2	—	—	—	—	"
KLM	F.209.50	20	1	—	—	—	—	"
NN	F.108.90	1	4.80	—	—	—	—	F.106.70
NN	F.120	—	—	10	3.50	—	—	"
PHI	F.22.50	11	3.70	3	4.90	—	—	F.25.40
PHI	F.25	6	2	22	3	—	—	"
PHI	F.27.50	205	0.80	211	1.60	10	2.70	"
PHI	F.30	35	0.50	487	1.10	1	1.40	"
PRD	$60	—	—	5	2¾	—	—	$48¾
RD	F.120	48	8	—	—	1	12.50	F.124.90
RD	F.130	17	2.50	35	5.50	—	—	"
RD	F.140	24	0.70	3	2.30	—	—	"
UNI	F.120	5	2.60	—	—	—	—	F.117.60
UNI	F.130	17	0.70	—	—	—	—	"
XON	$45	1	5⅛	—	—	—	—	$49
XRX	$60	2	1⅛	—	—	—	—	$51¼
		Nov.		Feb.		May		
BA	$50	—	—	5	13	—	—	$61½
BA	$70	5	⅞	2	3⅝	—	—	"

TOTAL VOLUME IN CONTRACTS 2013

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½ %
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½ %
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
Duncan Lawrie	10 %
The Cyprus Popular Bk.	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½ %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½ %
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½ %
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½ %
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6¾%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¾%.

Indices

NEW YORK—DOW JONES

	Oct. 23	Oct. 20	Oct. 19	Oct. 18	Oct. 17	Oct. 16	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials ♣	839.66	838.01	846.41	858.37	866.84	875.17	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.54	[illegible]	86.72	87.86	88.02	88.08	90.86 (4/1)	86.75 (11/7)	—	—
Transport	224.73	225.85	229.67	252.71	257.44	245.96	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	102.17	102.30	105.38	104.82	104.84	105.39	110.98 (3/1)	102.30 (20/10)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	36,090	43,670	31,360	33,140	38,010	34,740	—	—	—	—

* Basis of Index changed from Aug. 24. ♣ Day's high 846.89 low 825.39

	Oct. 20	Oct. 13	Sept. 29	(Year ago approx)
Ind. div. yield %	5.67	5.92	5.48	5.49

STANDARD AND POORS

	Oct. 23	Oct. 20	Oct. 19	Oct. 18	Oct. 17	Oct. 16	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
Industrials	108.81	108.58	110.07	111.57	112.21	116.68	118.71 (12/9)	95.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	99.10	97.95	[illegible]	[illegible]	[illegible]	102.63	106.98 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 18	Oct. 11	Oct. 4	Year ago (approx.)
Ind div. yield %	4.93	4.69	4.79	4.84
Ind. P/E Ratio	9.34	9.81	9.59	9.12
Long Gov. Bond yield	8.63	8.58	8.64	7.76

N.Y.S.E. ALL COMMON / Rises and Falls / MONTREAL / TORONTO / JOHANNESBURG / MONDAY'S ACTIVE STOCKS

FARMING AND RAW MATERIALS

Big 'yes' vote likely for Milk Marketing Board

BY RICHARD MOONEY

[B]RITISH DAIRY farmers with [la]rge herds are expected to vote [ov]erwhelmingly in favour of the [co]ntinuation of the Milk Marketing Board system in the EEC [re]ferendum on which the [sy]stem's future depends, accord[in]g to a leading farming maga[zi]ne.

Voting papers go out today [an]d must be posted back by [No]vember 17.

Following a poll of a sample [of] its readers with 70 dairy cows [or] more Livestock Farming [m]agazine has forecast that 96.5 [pe]r cent will vote for the Milk [Bo]ard and only 1.9 per cent [ag]ainst. The magazine's finding [is] based on replies from 1,000 [he]rd owners with an average [he]rd size of 123 cows.

While the result of this poll [mu]st be comforting to the board officers are resisting any [te]mptation to regard the out[co]me of the referendum proper [as] a foregone conclusion.

There has never been any [do]ubt that most British dairy [fa]rmers would like to see the [Bo]ard continue in operation. But [be]cause of the terms on which [th]e votes will be counted the [ma]in enemy could be apathy.

Each dairy farmer gets one vote on his own account and one extra for every ten cows in his herd. If the UK Milk Marketing Board system is not to be dismantled 80 per cent of these votes will have to be cast for the board. The catch is that farmers who abstain will have their "cow" votes counted against the board.

This makes the resolve of the large herd owner "particularly significant," Livestock Farming says.

If the magazine's findings are projected for the total UK dairy herd the result would be 338,000 votes in favour of the Board and 6,400 against—a "yes" vote of just over 98 per cent.

But the magazine warns that this approach is somewhat unrealistic. "Livestock Farming has no indication as to how the smaller herd owners intend voting," it admits.

Livestock Farming also questioned the large dairy farmers on other aspects of the industry. Only 5.5 per cent of the sample thought dairying had a "good" future, while 46.8 per cent described it as "reasonable" and 43.4 per cent were uncertain.

But more than half thought milk was giving them an adequate return for their endeavours. A positive response to this question was given by 51.9 per cent of the farmers, while 48.1 per cent said returns were not adequate.

The low level of confidence was indicated by the fact that only 34.1 per cent of the farmers said they planned to increase their dairy herds in the coming year.

The farmers were evidently not impressed with the Government's performance. Asked how they rated its agricultural policy and achievement 13.4 per cent said it was good, 28.5 per cent bad, and 58.1 per cent were indifferent.

● A sharp drop in milk production in the first half of this year has not altered the long-term situation of the New Zealand cheese industry, according to Mr. A. L. Friis, chairman of the New Zealand Dairy Board.

Copper ignores U.S. import curb decision

BY JOHN EDWARDS, COMMODITIES EDITOR

THERE WAS little reaction on the London copper market yesterday to President Carter's decision to reject the recommendation to limit U.S. copper imports to 300,000 short tons a year.

It had generally been expected that it would be impossible politically for the President to support the International Trade Commission's recommendation because it would have brought a storm of protest from developing countries dependent on copper as their main source of export earnings.

The White House also emphasised the inflationary aspect of curbing imports, and claimed it would have also undermined the competitiveness of domestic U.S. fabricating industries in world markets.

A curb on copper imports would have been difficult to sustain at the current multilateral trade talks where copper was a significant issue.

Although U.S. copper imports this year rose sharply to about 325,000 tons, against 327,000 tons in the whole of 1977, there has been a sharp decline subsequently because of the more competitive pricing policies adopted by U.S. copper producers, led by Kennecott.

Senator Dennis Deconcini, of Arizona, said yesterday he would decide later whether to ask Congress to override the President's decision.

Ministers at the meeting of the Council of Copper Exporting Countries (Cipec) in Paris this week will no doubt welcome President Carter's stand. But they are expected to be more concerned with introducing "improvements" in the terms of next year's supply contracts, now being negotiated.

Zambia's plan to demand premiums over and above the LME price is one topic likely to be discussed. So is a suggestion to switch the pricing basis from wirebars to cathodes.

The failure of copper prices to rise to more "reasonable" levels, and the nervousness about the outlook, could well be a dominant influence at the talks.

It is this nervousness that brought a further decline in prices on the London Metal Exchange yesterday, despite yet another fall in warehouse stocks. The stocks, down by 3,900 tonnes to a total of 403,800 tonnes, have fallen for 11 weeks in succession and are at the lowest levels for more than three years.

Way cleared for new wheat pact talks

BY GROG SMOSARSKI

THERE IS renewed hope that a new International Wheat Agreement to control world prices will finally be negotiated, after the abortive earlier attempts.

At last week's meeting in London of the interim committee, made up of leading wheat importing and exporting countries, draft texts were prepared for the three conventions—on wheat trade, food aid and coarse grains—which are to make up the proposed agreement.

These, together with supplementary statements by the market economy developed countries, and another by the importing developing countries, are to be submitted to the full conference which reconvenes in Geneva on November 6.

Chairman of the committee, and the conference, the Swiss diplomat Arthur Dunkel said that the mechanisms of the conventions had been well defined. But the numbers—such as the trigger price levels at which various actions concerning stocks should be taken, the size of the stocks, or the contributions of individual countries to the 10m tonne a year food aid targets—still remained to be decided.

Mr. Dunkel claimed that it would not have been appropriate for the interim committee, with 12 members, to decide such matters on behalf of the full conference, which some 60 odd nations are expected to attend.

It is also safe to assume that agreement over the "numbers" will involve compromise at the highest political level and is, therefore, being left to the last possible moment. Certainly Mr. Dunkel thought that the decisions on numbers would be made "at the twenthy-fifth hour."

A major breakthrough came in the developed countries' attitude to help for the developing countries with costs of the latter's share of the stocks. The rich countries proposed to examine the possibility of including wheat stock costs in their bilateral aid programmes, and also to take a positive attitude to any applications for such aid to the international institutions, the IMF and the World Bank.

There is a genuine dilemma here. The developed countries have a point when they say that a trade convention is not about aid, and that the developing countries should turn for aid to existing schemes run by the international institutions.

But at the same time the developing countries are rightly wary of taking on firm commitments to hold certain stocks under the terms of the wheat trade convention when they do not know that they are going to be able to pay for them.

The meeting made good progress in narrowing the gaps, according to Mr. Dunkel, and there had been little brinkmanship.

For instance, the draft text of the coarse grain convention, which had earlier appeared something of an obstacle, contained only one or two sets of brackets (points on which there are alternatives to be negotiated). And it has been agreed that the convention should be consultative.

Cocoa price rise halted

By Our Commodities Staff

COCOA PRICES rose significantly on the London futures market yesterday morning continuing last week's steady rise. But producer selling was attracted at the higher levels and values eased back during the afternoon.

The March position, which climbed to a seven-month peak of £2,045 a tonne at one stage, ended £39.25 up on the day at £2,026.25 a tonne.

The late decline may also have been encouraged by the French Chocolate Makers' Association announcement that third quarter French cocoa bean grindings totalled only 7,000 tonnes, against 7,455 in the same quarter last year.

On the London coffee market, meanwhile, values closed near the day's lows with the January position quoted at £1,421.5 a tonne, down £39.5.

In New York Gordon Paton said the amount of green coffee roasted in the U.S. between January 1 and October 14 this year totalled 12,145,000 bags, compared with 10,830,000 bags in the corresponding period last year. In the week ended October 14 roastings were 20.9 per cent ahead of the same week last year, Paton said.

Carter bid to curb U.S. sugar imports

BY OUR COMMODITIES STAFF

[TH]E U.S. plans to raise the price [of] domestically grown sugar to [15] cents a lb by imposing tariffs [an]d limits on imports, according [to] Mr. Walter Mondale, the Vice-[Pr]esident, reports Reuter.

In a speech released by the [W]hite House, he confirmed the [Ad]ministration would introduce [a] new Sugar Pricing Bill in the [ne]xt Congress.

"In the interim, I am pleased [to] announce we will continue to [us]e existing tariff and fee [au]thority to protect the domestic [pr]ice," Senator Mondale said.

"Although the current pro[gr]amme requires support of a [1]7 cents per pound market [pr]ice, as a demonstration of the [Ad]ministration's commitment to [ma]in a fair and reasonable sugar [po]licy, the president has [au]thorised me to announce that [we] will now seek to protect a [do]mestic price of 15 cents a [po]und.

"We will use our authorities to their maximum extent to help achieve this goal."

"The President is instructing the Bureau of Customs to monitor our imports from countries not party to the International Sugar Agreement and, if necessary, to limit imports under existing authority to help maintain a 15 cent price objective," he added.

News of U.S. intentions to boost prices was one of the influences behind price rises on the world sugar market in London yesterday. However, it was pointed out that if the Administration was able to restrict imports it could mean that the sugar would simply be diverted to other markets.

Possibly of more influence were: an unconfirmed report of buying by Algeria; a "buy" recommendation by a leading commission house; and a feeling that last week's fall after the failure of Congress to pass the Sugar Pricing Bill had been overdone.

Malaysian tin tax cut welcomed

By Wong Sulong

KUALA LUMPUR, Oct. 23.

MALAYSIAN MINERS have welcomed the reduction in the tin profit tax announced by Tengku Razaleigh, Finance Minister, in his budget, although they say it is unlikely to spur new investments in the industry.

Under the proposals, the top rate of the tin profits tax is reduced from 15 to 12.5 per cent. Tin profits in excess of 400,000 riggits (about £93,000) now attract a 15 per cent tax. The tax cut will benefit the larger mines—the smaller gravel pump mines having received tax relief in last year's budget.

Mr. Rahim Aki, president of the States of Malaya Chamber of Mines, felt that many more companies would benefit from the tax cut considering the high prices.

However, the tax relief did not tackle the fundamental problem of attracting investments to the industry, he said.

GHANA

Making better use of tropical forests

BY MARY CHERRY, RECENTLY IN GHANA

A LARGE-SCALE integrated forestry project in the Western Region of Ghana is introducing a new concept of management which seeks to utilise fully all qualities of wood and to regard hitherto wasted materials as an important source of energy.

Fundamental to this concept is the improvement and expansion of charcoal production not only for domestic but also for industrial uses.

About a third of Ghana's total land area is classified as being under tropical high forest. That is not to say that all this area is under forest today. As in so many other countries, forest has been cleared for agriculture and other purposes.

Vast areas remain, though, which are now neither first class commercial forest nor cleared land. This is the result of years of exploitation to remove the best timber without consideration for the future and also of the traditional practices of clear-felling and burning as part of a shifting-agriculture system.

The Subri Project of the Forestry Department of Ghana is concerned with some 23,500 ha of the Subri River Forest Reserve and is centred near Daboase in the Western Region. It forms part of the vast United Nations Development Programme and Food and Agriculture Organisation Forestry Energy Project for Ghana.

Within the Subri River area all clear felling and burning has stopped and new management techniques are being implemented which, it is hoped, will subsequently be adopted elsewhere.

Management seeks to improve the value of the forest by fully utilising all wood of whatever quality and to achieve a sustained yield of timber, pulping wood and charcoal in the future.

Reforestation with species of known value, such as gmelina arborea and pinus caribaea, is going ahead rapidly but, alongside this, a fresh look is being taken at the value of some of the indigenous species.

New plantings are being arranged in such a way as to avoid the destruction of existing juvenile species which could have pulp or timber potential. These are marked to be left as standards and some are selected at mother trees from which seeds are collected for growing in the forest nursery.

In addition to leaving standards (instead of clear felling), narrow belts of untouched natural forest are also being preserved. Both these practices are proving to be of real practical value.

The attempt to eliminate waste in the forest is taking a number of forms. Traditionally trees were felled breast high leaving stumps that were not only wasted wood but which also inhibited movement of machines. Now felling is being done close to the ground.

With the elimination of burning, much wood remains which is of no value for timber, poles or pulp and this is being channelled into a planned charcoal programme which is considered to be a major part of the whole forest project.

The programme includes not only the training of local people in improved methods of charcoal production within and near the forest, but also the promotion of domestic and overseas marketing of charcoal and pre-investment studies of large-scale charcoal production as a major source of energy for future industry in Ghana.

The reforestation and charcoal production is providing work and income for the people, but there is a problem of the provision of food.

This is being tackled in two ways: food supplies are being augmented by commodities supplied by the UN World Food Programme and controlled agriculture is being introduced by wider-spacing the young forest trees and inter-cropping with maize, cocoyams and plantain (cooking banana) trees.

The project is, therefore, producing timber, pulp, charcoal and food and is, at the same time, preserving an environment for the wildlife which was hitherto being frightened away or destroyed by the old practices.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier on the London Metal Exchange. German buying held forward metal steady at £756.5-£757.5 during the morning but U.S. selling on the Kerb and a lower Comex opening pushed the price down to £750 at one stage. But Comex steadied and London moved upward to close on the Kerb at £752.5. Turnover 19,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	756.5-7	—9	752-3	—4.5
3 months	757-.5	—8.5	753-.5	—4
Settlem't	757	—9	—	......
Cathodes				
Cash	724.5	—10	720.5-1.5	—4.75
3 months	744.5-5	—8.5	741-.5	—4.75
Settlem't	724.5	—10	—	......
U.S. Smt.	625	......	*69-71.095	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £756.5, three months £758, 57.5, 57, 57.5, 57. Cathodes, cash £724.5, three months £745. Kerbs: Wirebars, three months £757, 56.5, 56, 56.5, 55, 54.5. Afternoon: Wirebars, three months £752, 52.5, 53.5, 53. Cathodes, three months £741. Kerb: Wirebars, three months £752, 51.5, 52, 52.5.

TIN—Lower on balance but trading was quiet. The East was unchanged over the weekend. Forward metal was first indicated at £7,560 but the stocks increase caused a decline to £7,500. For most of the day the price held just above this level, touching £7,520 at one stage, and closing on the Kerb at £7,505. Turnover 960 tonnes.

Morning: Standard, cash £7,640, three months £7,500, 10, 20, 15, 25, 10. Kerb: Standard, three months £7,510, 05. Afternoon: Standard, three months £7,510. Kerb: Standard, three months £7,520, 15, 05, £7,500.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7640-60	—75	7610-25	—72.5
3 months	7530-50	—67.5	7530-50	—32.5
Settlem't	7660	—80	—	......
Standard				
Cash	7640-60	—85	7610-35	—72.5
3 months	7510-5	—75	7510-5	—40
Settlem't	7660	—80	—	......
Straits E.	†$1970	......	—	......
New York	—	......	—	......

LEAD—[illegible]

ZINC—[illegible]

ALUMINIUM—[illegible]

[illegible]

[C.] Index Limited 01-351 3466. Three month Copper 749.5-755.5
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SILVER

[illegible]

COCOA

[illegible]

COFFEE

ROBUSTAS—After registering slight early gains, the market resumed the downward trend of last week in active afternoon dealing, Drexel Burnham reports. Commission House liquidation and some stop-loss selling resulted from a poor opening in New York and only support buying from one dealer held [illegible]

GRAINS

[illegible]

JUTE

[illegible]

RUBBER

STEADIER opening on the London physical market. Little interest throughout the day, closing easier. Lewis and Peat reported a Malaysian godown price of 250 (same) cents (buyer Nov.).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

... brought the crossbred market into line with the softness of the Merino market. Prices were at very low levels. Machinery activity was below normal.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on week ending October 21: GB cattle 66.78p per kglw (−0.06), UK sheep 131.6p per kgestdcw (−2.5), GB pigs 66.0p per kglw (−0.4). England and Wales: Cattle numbers [illegible]

[illegible] Pearmain 0.05-0.07, Russets 0.07-0.10. Pears—Conference 0.07-0.14. Plums—Per pound Bush 0.10, Marjorie's Seedling 0.17-0.20. Tomatoes—Per 12-lb English 1.20-1.50. Cabbages—Per crate 0.80-0.90. Celery—Per head 0.07-0.10. Cauliflowers—Per 12 Lincoln 1.00-1.40. Beetroot—Per 28-lb 0.60-0.70. Carrots—Per 28-lb 0.40-0.70. Capsicums—Per pound 0.20-0.25. Courgettes—Per pound 0.18-0.20. Onions—Per bag 1.70-1.80. Swedes—Per 28-lb 0.50-0.60. Turnips—Per 28-lb 0.90. Parsnips—Per 28-lb 0.90-1.00. Sprouts—Per pound 0.05-0.07. Cobnuts—Per pound Kent 0.42-0.45. Corn Cobs—Each 0.06-0.10.

EEC abbattoir plan opposed

A COMMON MARKET proposal that veterinary surgeons should supervise the killing of animals in British slaughter houses was "violently opposed" yesterday by Mr. Eric Wakelin, president of the Environmental Health Officers Association.

He said the proposal was "quite unnecessary and an extravagant use of highly trained and costly manpower."

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Oct. 23 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (c/s)	$1,160/40	......	$1070/80
Copper cash W Bar	£732.5	—4.5	£736
[illegible]			
Cotton 'A' Index	77.5c	+0.1	74.1c
Rubber kilo	60.5p	+0.5	60.5p
Sugar (Raw)	£109	+1.0	£105.5
Wooltops 64s kilo	275p	......	275p

*Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. s Oct.-Nov. ' Nov.-Dec. u Nov. w Dec. x Per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Oct. 23	Oct. 20	Month ago	Year ago
259.42	260.38	255.86	245.45

(Base: July 1 1952=100)

REUTERS

Oct. 23	Oct. 20	Month ago	Year ago
1518.5	1516.6	1480.5	1488.3

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Oct. 23	Oct. 20	Month ago	Year ago
Spot	389.91	388.72	379.39	362.61
Futures	385.39	383.96	378.68	328.91

(Average 1924-25-26=100)

MOODY'S

Moody's	Oct. 23	Oct. 20	Month ago	Year ago
Spie Commty	972.2	972.9	949.9	[illegible]

(December 31, 1931=100)

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.80-£5.60, codlings £3.00-£3.80, large haddock £4.30-£4.50, medium £3.40-£4.00, small £2.80-£3.20, large plaice £4.60-£5.40, medium £4.60-£5.20, best small plaice £3.80-£4.50, large skinned dogfish £7.50, medium £5.60, large lemon soles £8.50, medium £8.00, rockfish £2.40-£2.60, saithe £2.20-£2.40.

★

LIVERPOOL COTTON—Spot and shipment sales amounted to 741 tonnes, reports F. W. Tattersall. Considerable interest shown in numerous qualities. Most American types in sustained request.

U.S. Markets

NEW YORK, Oct. 23.

Cocoa—Dec. 175.10 (175.75), March 178.80 (174.75), May 175.75, July 174.00, Sept. 173.10, Dec. 168.60. Sales: 1,048.

Coffee—"C" Contract: Dec. 147.50-147.95 (148.87), March 139.50 (139.83), May 134.25-134.50, July 130.25-131.00, Sept. 130.00-130.50, Dec. 126.00, March 118.00-127.00. Sales: 785.

Copper—Oct. 66.00 (65.50), Nov. 66.10 [illegible]

[illegible]

[illegible] bid (90.40 bid), Nov. 103.00 nom. (100.30 nom.), Dec. 100.80-100.90 bid, May 105.60 asked, July 106.20 nom.

††Oats—Oct. 80.00 bid (78.70 bid), Dec. 79.50 (78.00 asked), March 77.20 asked, May 76.90, July 76.40 bid.

‡‡Barley—Oct. 73.30 bid (71.80 bid), Dec. 74.50 asked (73.10), March 76.40 asked, May 76.20 asked, July 76.20 asked.

§§Flaxseed—Oct. 275.80 bid (271.00 bid), Nov. 273.00 bid (269.80 bid), Dec. 271.50 asked, May 271.50 bid, July 267.50 bid.

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 177.99 (same).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

Asian rice pact plan

MANILA, Oct. 23.

THE ASSOCIATION of South-East Asian Nations (ASEAN) is considering a rice commodity agreement to ensure stable supply and reasonable prices, Mr. Arturo Tanco, Philippines Agriculture Minister, said here, reports Reuter.

A small beginning with a rice agreement could pave the way for a larger agreement including all rice producing and consuming countries, he told a Press Foundation of Asia seminar on agricultural reporting.

STOCK EXCHANGE REPORT

Labour and pay situations still restraining influences

No follow-through interest in either Gilts or equities

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct. 30	Nov. 9	Nov. 10	Nov. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Returning concern over confrontations on pay coupled with the labour troubles in the motor industry stifled interest in stock markets yesterday. The effects on sentiment of the slightly more favourable situation at Ford were annulled by the Vauxhall strike vote and the power workers' warning that the Government's 5 per cent limit was unacceptable.

Little heed was taken of a Press suggestion that new price controls legislation was being drawn up, so investment enthusiasm in most sectors was virtually non-existent. Leading industrials began a shade easier in places and extended the movement fairly quickly following opening dullness in Gilt-edged securities.

The latter reflected defensive action on the part of dealers who had assumed that sellers would probably be encouraged by a mildly bearish week-end Press and renewed upward pressure on U.S. interest rates. In the event, selling was modest and a rally developed but this was finally thwarted by late news of yet a further rise in the U.S. Federal funds rate.

*Illustrating the torpor in equities, the FT Industrial Ordinary share index, only marginally lower at 10 a.m., was 4.1 down at the next calculation and subsequently 4.6 easier on the day at 495.6. News items caused isolated exceptions to the dull trend and a handful of situation stocks commanded interest, but the overall apathy of trade was reflected in the number of bargains marked which, at 4,396, was slightly below last week's daily average.

South African Gold shares became unsettled, initially by the lower price for bullion and, later, by a revival of U.S. selling; cheaper rates for investment currency also contributed to the decline which left heavyweight issues down a full point. The FT Gold Mines Index closed 7.0 lower at 133.1.

Short-dated British Funds were more volatile than the longs and after the official close of business were at the day's lowest. Trade, however, was patchy and a recovery appeared to be holding until news reached the market of increased U.S. interest rates. The longs performed similarly in a small business.

Recently-issued Fixed Interests were highlighted by demand for **Provincial Laundries** 12 per cent Convertible 1986-88 which jumped 10 points to £32½ premium, helped by stock shortage.

Rates for investment currency fluctuated between 80¾ and 78½ per cent before institutional demand was satisfied. Then the premium drifted down in light trading to close a net 1¾ lower at 79 per cent. Yesterday's SE conversion factor was 0.7181 (0.7217).

Traded Options remained quiet, but there was a slight improvement in activity, contracts amounting to 429 compared with 371 last Friday. Press mention stimulated interest in **GEC** which recorded 142 deals.

Proceedings in the banking sector were dominated by the performance of the Irish issues which moved sharply ahead in active trading fuelled by Press comment. **Allied Irish**, which is scheduled to report interim figures on November 1, rose 8 to 229p, while **Bank of Ireland** rose 12 to 445p. The major clearing banks had an easier bias, **NatWest** losing 2 to 270p and **Barclays** 4 to 340p. Press comment directed attention to **Cattles**, 3 better at 37½p, in otherwise little-changed Hire Purchases.

Highland featured Distillers, rising 7 to 147p on the substantially increased earnings and the proposed 100 per cent scrip issue. Other firm spots included **A. Bell**, 4 better at 248p, and **Irish**, 6 higher at 190p. Breweries were idle and featureless.

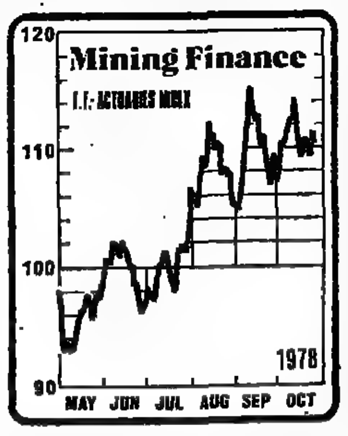
After Friday's late jump of 20 on capital reorganisation proposals, **Richard Costain** hardened afresh to 258p, but subsequent profit-taking left the close a penny down on balance at 251p. In sympathy, **Taylor Woodrow**, at 411p, gave back 9 of Friday's gain of 15 and **George Wimpey** reacted 1½ to 79½p. **John Laing A** held at 205p; the group's reconstruction scheme becomes operative on Friday when the two resulting companies will announce interim results. **Helical Bar**, at 32p, recovered all of Friday's fall of 4 that stemmed from sharply lower annual profits, but **Pochins** were unmoved at 152p despite satisfactory full year profits and the chairman's optimistic statement. **Federated Land** firmed 2½ to 50p aided by Press comment.

In an extension of Friday's slack trade, **ICI** eased 3 to 389p, as did **Fisons**, at 327p. **Laporte** found support, however, and added 4 to 115p while, mirroring Press comment, **Wolstenholme Bronze** advanced 12 to 290p.

Stores quiet

Interim profits at the lower end of market estimates left **Mothercare** 8 down at 160p. A good market of late on revived bid hopes, **Burton** issues ran back on profit-taking, the ordinary reacting 7 to 188p and the A 5 to 175p. Other leading Stores eased on lack of buying interest although falls rarely exceeded a few pence. Secondary issues ended mixed. In thin markets, small buying lifted **Lee Cooper** 10 to 175p and **MFI** 5 to 141p, but **Time Products** lost 4 at 188p, while the new nil paid shed 5 to 34p. **Rosgill** added 3 to 30p, after 31p. **Fortnum and Mason** jumped 110 to 880p in a nominal market following news of the death of majority shareholder Mr. Garfield Weston. In Shoes, **Strong and Fisher** firmed 4 to 71p on small buying.

Among Electricals, **GEC** eased 4 to 322p despite favourable Press while **Thorn Electrical** shed 3 to 371p and small selling clipped 5 from **Eurotherm** at 184p and 6 from **Racal Electronics** at 332p. **Pressac** contrasted with a rise of 3 to 108p on the sharply increased earnings. Higher interim figures lifted **Fidelity Radio** 2 to 90p, while other firm spots included **Jones Stroud**, 4 up at 107p, and **Geo. H. Scholes**, 15 to the good at 305p.



Engineering majors were inclined easier in quiet trading. **John Brown** drifted off to close 5 lower at 450p, while **Hawker Siddeley** gave up 4 to 244p and **GKN** ended similarly cheaper at 268p. Among the few noteworthy movements in secondary issues, **Renold** firmed 3 to 137p following news that workers at the company's power transmission factory at Coventry had accepted a peace formula to end their four-week strike. **Thomas Robinson** met scattered support and put on 4 to 80p, while **Bamfords** improved 2 to 38p. **Ductile Steels** were 2 dearer at 128p awaiting today's interim statement. **Newman-Tonks** hardened a penny to 65p in response to the preliminary results, but **Wadkin**, a firm market of late, gave up 4 to 150p. **Weston-Evans** were quoted ex scrip issue at 40p. **Hawthorn Leslie** encountered support in Shipbuilders and put on 4 to 78p.

Following last week's speculative gain of 4½, **Louis C. Edwards** rose 3 to 19p on the company's receipt of "certain" financial proposals. **Cullen's Stores** attracted interest, the ordinary and A both closing 4 better at 146p and 144p respectively, while small buying left **FMC** 3 harder at 70p, **Rowntree Mackintosh** declined 8 to 382p and, in Supermarkets, **Tesco** eased a penny to 54½p.

R. H. Cole weaken

Small losses in the miscellaneous Industrial leaders mainly reflected lack of support. **Beecham**, 676p and **Bowater**, 187p, reacted 5 and 3 respectively, while losses of around 2 were marked against **Reed International**, 180p, and **Boots**, 196p. Elsewhere, the sharp fall in the interim profits and forecast of a further downturn in second-half trading caused marked weakness in **R. H. Cole** which dipped 15 to 108p. By way of contrast, **Grimshawe** were a fairly active market following favourable Press comment and advanced to 58p before settling at 55p for a rise of 13. Press mention also helped **Holt Lloyd**, 2 firmer at 170p, and **Smith and Nephew**, a shade harder at 71p. On the other hand, **ICL** were dull at 466p, down 8, along with **Rank Organisation**, 4 lower at 252p, while **British Vita**, the subject of speculative demand recently, reacted 3 to 119p. **Talbex** improved ½ to 18½ in response to the preliminary results, but news of the agreed bid for Templon Spinning Mills of the U.S. failed to benefit **Hanson Trust**, a penny lower at 131p.

More O'Ferrall held a Press-inspired gain of 4 at 89p ahead of tomorrow's interim statement. Buyers showed interest in **Sir Joseph Causton**, 2½ higher at 26p.

Properties remained largely untested, but ended with scattered gains. Press mention prompted a lively evenly balanced trade in **Town and City** which finished ½ up at 14p, while **Warner Estate** attracted buyers and firmed 6 to 163p. **Fairview Estates** put on 5 to 137p following the annual results and proposed revaluation. Other notable firm spots included **United Real**, 5 better at 305p, **County and District**, 3 up at 116p, and **Bernard Sunley**, 4 to the good at 274p. Profit-taking clipped 5 from **Corn Exchange** at 240p pending developments following last week's jump of 63p approach that "may or may not" lead to an offer for the shares.

Oils give ground

In dull Oils, lack of support and occasional offerings left **British Petroleum** 8 lower at 892p and **Shell** 6 off at 570p. **Royal Dutch** eased ½ to £43¼.

Press comment ahead of the full report and accounts directed attention to **Sime Darby** which rose 5 to 116p. Elsewhere in Overseas Traders, small selling in front of today's preliminary figures clipped 5 from **Paterson Zochonis** at 180p.

Still reflecting last week's sharp fall on Wall Street, Investment Trusts continued to drift lower in slow trading. **Camellia Investments**, at 320p, gave up 5 of Friday's rise of 9, while **Edinburgh American Trust**, 116p, and **U.S. Trust Fund**, 730p, lost 3 and 15 respectively. Against the trend, **Atlantic Assets** hardened a penny to 106p following Press comment. In Financials, **Dalgety**, a firm market of late, hardened 3 more to 324p. **Yule Catto** were quoted ex the capital repayment at 65p.

Mersey Docks Units, a firm market of late on speculation about the outcome of the talks with the Merseyside County Council, attracted fresh interest and hardened 1¾ to a 1978 peak of 39½p. Shippings were quiet and little changed.

Already a dull market at 201p, **Dawson International** eased a shade further to close 6 down at 200p following the letter to shareholders from **William Baird** about the latter's offer; Baird finished 3 cheaper at 182p, putting a value on the bid of just over 201p per share. **J. Haggas** improved 5 more to 159p. Elsewhere in the Textile sector **Reliance Knitwear** encountered scattered demand and put on 2 to 55p, while **Montfort** were similarly dearer at 74p.

*Malaysian issues went higher in Rubbers following the Budget measures. **Kulim** hardened 2 to 51½p, while **Highlands**, 118p, and **Kuala Lumpur Kepong**, 78p, put on 3 and 4 respectively. **Rosehaugh** continued firmly in Teas, rising 9 to 214p, after 217p, for a two-day improvement of 26 on the increased profits and capital proposals.*

Golds lower

The afternoon decline in the bullion price, which closed 30 cents lower at $227.65 per ounce after being fixed at $229 in the morning, coupled with continued uncertainties regarding the Namibia (South West Africa) situation prompted a welter of American selling of South African Golds and produced a fall of 7.0 to 133.1 in the Gold Mines index.

Share prices tended to drift from the outset, despite the initial strength of the bullion price, but as the U.S. selling intensified following the afternoon decline in the metal price, falls of over a point appeared in the heavyweights.

Among the latter, **Free State Geduld** closed £1½ cheaper at £15¾ on a fair amount of selling. **President Steyn** were additionally weakened by adverse Press comment and dropped 80 to 760p.

South African Financials mirrored the decline in Golds. **De Beers** gave up 12 to 388p, **Anglo American Corporation** 10 to 340p and **Union Corporation** 8 to 296p.

Platinums lost ground owing to profit-taking despite the continuing buoyancy of the free market platinum price which touched $350 an ounce at one point. **Rustenburg** and **Lydenburg** both relinquished 7 to 108p and 76p respectively while **Bishopsgate** closed 5 off at 110p.

Australians remained friendless with a further downturn in overnight Sydney and Melbourne markets being followed by widespread London selling.

Western Mining were particularly weak and finally 8 lower at 133p. Diamonds met persistent profit-taking with **Northern Mining** 8 off at 92p, **North West Mining** 4 easier at 24p and **Western Queen** the same amount down at 20p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	62	11
Cpn., Dom. and Foreign Bonds	5	8	46
Industrials	192	375	943
Financial and Prop.	62	129	322
Oils	4	10	22
Plantation	7	5	19
Mines	12	86	42
Recent Issues	11	12	17
Totals	299	687	1,062

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Costain (R.)	25p	9	251	− 1	258	157
Grimshawe	20p	9	55	+13	58	17
Marks & Spencer	25p	9	86	− 1	94	67½
Shell Transport	25p	9	570	− 6	602	484
Beecham	25p	8	676	− 5	743	588
Boots	25p	8	196	− 3	237	184
BP	£1	8	892	− 8	926	720
Distillers	50p	8	108	− 2	215	163
RTZ	25p	8	236	− 4	263	164
ICI	£1	7	389	− 3	421	328
GEC	25p	6	322	− 4	340	233
GKN	£1	6	268	− 4	298	248
London Brick	25p	6	73	− 1	80	61
Trafalgar House	20p	6	118	− 1	167	115
Mothercare	10p	5	160	− 8	200	146

FINANCIAL TIMES STOCK INDICES

	Oct. 23	Oct. 20	Oct. 19	Oct. 18	Oct. 17	Oct. 16	A year ago
Government Secs.	69.55	69.69	69.21	69.25	69.04	68.79	76.82
Fixed Interest	71.26	71.26	70.93	70.95	70.88	70.80	78.87
Industrial	495.6	500.2	495.6	494.6	495.5	494.6	517.1
Gold Mines	133.1	160.1	157.8	151.2	155.5	153.7	140.5
Ord. Div. Yield	5.46	5.40	5.45	5.46	5.41	5.44	5.29
Earnings, Y'ld % (full)(*)	15.19	15.04	15.15	15.13	15.01	15.08	15.50
P/E Ratio (net) (*†)	8.72	8.80	8.74	8.74	8.81	8.78	9.18
Dealings marked	4,396	4,250	4,286	4,219	4,582	5,133	6,549
Equity turnover £m	—	72.25	66.53	76.43	69.81	69.05	89.69
Equity bargains total	—	14,179	13,431	14,937	14,996	16,512	17,480

10 am 499.5. 11 am 496.1. Noon 496.1. 1 pm 496.2.
2 pm 496.1. 3 pm 496.1.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=8.48.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 23	Oct. 20
—Daily		
Gilt-Edged	157.6	162.8
Industries	147.1	159.6
Speculative	42.2	45.7
Totals	100.1	96.9
5-day Average		
Gilt-Edged	169.9	181.9
Industrials	144.1	151.3
Speculative	45.7	45.7
Totals	98.7	102.5

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6

For rate indications see end of Share Information Service

Stocks favoured for the call were Mincorp, Mills and Allen, Premier Consolidated Oil, Adda International, Edgar Allen, Swan Hunter, Bowthorpe and Burton Warrants, while doubles were arranged in Premier Consolidated Oil, Mersey Docks and Hardy and Co. "A."

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	900	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]	
		November		February		May		
Boots	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EMI	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EMI	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RTZ	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]	

NOTICE OF REDEMPTION

To the Holders of

American Brands Overseas, N.V.

8% Guaranteed Debentures Due 1981
Issued under Indenture dated as of November 15, 1969

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the above-mentioned Indenture, $1,217,000 principal amount of the above described Debentures has been selected for redemption on November 15, 1978, through operation of the Sinking Fund, at 100% of the principal amount thereof, together with accrued interest to said date, as follows:

Outstanding Debentures of $1,000 each of Prefix "M" bearing the Distinctive Numbers ending in any of the following two digits:

20 53 70 73 78 93 95

Also Outstanding Debentures of $1,000 each of Prefix "M" bearing the following Numbers:

44 1844 3144 4844 5244 6844 9444 11344 13844 14344 16644 18644 20844 22144 22844 24044
444 2144 3544 4744 5944 7644 9744 11844 13244 14444 16744 19044 20944 22244 23144 24144
844 2244 3844 4844 6144 8344 10244 12144 13344 14744 17244 19344 21144 22544 23544
1044 2344 3944 5044 6444 8444 10444 12444 13444 15144 17444 19744 21444 22644 23844
1344 3044 4144 5144 6544 8944 10544 12744 13944 15244 18444 20644 21644 22744 23944

On November 15, 1978, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of **Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, New York 10015**, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London or Paris, or Banca Vonwiller & C. S.p.A. in Milan, or Bank Mees & Hope NV in Amsterdam. Coupons due November 15, 1978 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by a transfer to a dollar account maintained by the payee, with a New York City bank.

On and after November 15, 1978 interest shall cease to accrue on the Debentures herein designated for redemption.

AMERICAN BRANDS OVERSEAS, N.V.

Dated: October 10, 1978

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

M 2517 3215 3566 11664 12548 12436 13118 14268 14572 15787 15837
2519 3264 10140 11761 12552 12437 13243 14271 14378 15880 15902

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (46)

COM'WEALTH & AFRICAN LOANS (1)
N.Z. 4pc '76-78

BEERS (1)
Irish Distillers

BUILDINGS (1)
Federated Land

CHEMICALS (1)
Croda Intl.

STORES (4)
Amber Day, Rosgill, Lee Cooper, Stanley (A. G.)

ELECTRICALS (3)
Jones Stroud, Scholes (G. H.), Pressac

ENGINEERING (6)
Carclo Eng., Tyzack (W. A.), Mole (M.), Whessoe Watson, Saville (G.), Wombwell Foundry

FOODS (2)
Edwards (Lou. C.), Pyke (W. J.)

INDUSTRIALS (9)
Aronson (A.), Sharna Ware, Assoc. Sprayers, United Guarantee, Grimshawe, Waterford Glass, Kalamazoo, Watshams, Medminster

LEISURE (2)
Horizon Midlands, Norton & Wright

NEWSPAPERS (1)
Bristol Post

PAPER (1)
Causton (Sir J.)

PROPERTY (6)
Country & N. Town, Imry Property, County & District, United Real Prop., Fairview Estates, Warner Estate

SHIPPING (1)
Mersey Dock Units

TEXTILES (2)
Haggas (J.), Reliance Knitwear

TRUSTS (1)
Dalgety

OVERSEAS TRADERS (1)
Boustead

MINES (3)
Mincorp, Tehidy Minerals, Hongkong Tin

NEW LOWS (8)

AMERICANS (1)
Singer

CHEMICALS (1)
Alginate

ENGINEERING (2)
Jones Group, Sykes (Henry)

FOODS (1)
Bishop's Stores A

INDUSTRIALS (2)
Baxter Travenol, Hestair

TRUSTS (1)
Yule Catto

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
775	F.P.	27/10	[illegible]	[illegible]	British Aluminium New	850	[illegible]	[illegible]	5.6	9.0	3.6
101	F.P.	[illegible]	[illegible]	[illegible]	Fergusn New	[illegible]	[illegible]	[illegible]	[illegible]	2.2	10.2
101	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.2	10.2
101	F.P.	24/11	[illegible]	[illegible]	Manor Nat. Grp. Motors	[illegible]	[illegible]	[illegible]	[illegible]	10.0	11.1
55	F.P.	[illegible]	[illegible]	[illegible]	Richards	116	−3	[illegible]	[illegible]	—	4.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. ¶ Pence unless otherwise indicated. † Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., Oct. 23, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)
1	CAPITAL GOODS (171)	242.53	−0.6	16.02	5.17	8.38
2	Building Materials (27)	210.65	−0.3	16.78	5.38	8.20
3	Contracting, Construction (28)	378.23	−0.7	18.34	4.19	7.92
4	Electricals (14)	557.82	−1.1	13.01	3.33	10.63
5	Engineering Contractors (14)	383.33	+0.1	17.32	5.69	7.82
6	Mechanical Engineering (72)	192.19	−0.4	17.46	5.73	7.67
8	Metals and Metal Forming (16)	168.94	−0.4	15.81	8.43	8.76
	CONSUMER GOODS					
11	(DURABLE) (53)	214.77	−0.5	16.02	4.94	8.72
12	Lt. Electronics, Radio, TV (16)	263.14	−0.9	13.99	3.88	10.02
13	Household Goods (12)	185.27	—	16.08	6.11	8.57
14	Motors and Distributors (25)	128.79	—	19.35	6.43	7.20
	CONSUMER GOODS					
21	(NON-DURABLE) (172)	213.16	−0.8	15.59	5.83	8.63
22	Breweries (14)	231.32	—	14.48	6.15	9.50
23	Wines and Spirits (6)	279.93	−0.5	15.21	5.14	9.81
24	Entertainment, Catering (17)	270.01	−0.4	13.49	6.46	10.82
25	Food Manufacturing (19)	206.87	−0.9	18.70	5.27	7.08
26	Food Retailing (15)	229.18	−1.0	13.16	4.49	10.58
32	Newspapers, Publishing (12)	395.53	+0.2	19.33	6.12	7.26
33	Packaging and Paper (15)	144.62	−0.9	17.81	7.41	7.40
34	Stores (40)	200.04	−1.2	11.40	4.70	12.73
35	Textiles (25)	183.15	−0.9	18.18	7.93	7.14
36	Tobaccos (3)	236.90	−0.2	23.24	7.92	5.09
37	Toys and Games (6)	105.25	−0.7	21.54	6.10	5.43
41	OTHER GROUPS (99)	206.92	−0.6	15.15	5.87	8.51
42	Chemicals (19)	293.32	−0.6	15.63	6.45	8.32
43	Pharmaceutical Products (7)	263.85	−0.5	10.79	3.93	11.36
44	Office Equipment (6)	133.45	−1.5	18.21	5.70	6.55
45	Shipping (10)	425.14	−0.5	14.62	7.20	8.73
46	Miscellaneous (57)	222.94	−0.4	16.87	6.28	7.89
49	INDUSTRIAL GROUP (495)	226.09	−0.7	15.63	5.61	8.59
51	Oils (5)	504.77	−1.0	13.84	3.98	7.84
59	500 SHARE INDEX	249.45	−0.7	15.36	5.37	8.47
61	FINANCIAL GROUP (100)	165.06	−0.4	—	5.89	—
62	Banks (6)	187.04	−0.8	24.99	6.27	6.00
63	Discount Houses (10)	210.13	+0.4	—	8.37	—
64	Hire Purchase (5)	154.19	+0.3	15.80	5.34	8.35
65	Insurance (Life) (10)	132.22	−0.5	—	7.11	—
66	Insurance (Composite) (7)	121.24	−0.3	—	7.23	—
67	Insurance Brokers (10)	332.22	−0.7	14.28	4.98	10.02
68	Merchant Banks (14)	81.57	−0.2	—	5.96	—
69	Property (31)	259.73	—	3.32	2.83	51.70
70	Miscellaneous (7)	109.11	—	23.14	7.68	5.60
71	Investment Trusts (50)	218.55	−0.6	3.19	4.78	31.37
81	Mining Finance (4)	110.18	−1.2	16.57	6.46	7.36
91	Overseas Traders (19)	326.10	−0.4	15.21	7.05	8.25
99	ALL-SHARE INDEX (673)	227.61	−0.7	—	5.48	—

FIXED INTEREST PRICE INDICES

	British Government	Mon., Oct. 23	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.57	−0.19	—	7.89
2	5-15 years	114.32	−0.21	—	7.61
3	Over 15 years	117.83	−0.22	—	12.26
4	Irredeemables	127.76	[illegible]	—	9.02
5	All stocks	111.20	−0.20	—	9.47

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Mon. Oct. 23	Fri. Oct. 20	Year ago (approx.)
1	Low Coupons	5 years	9.19	9.14	[illegible]
2		15 years	11.06	11.00	[illegible]
3		25 years	11.92	11.90	[illegible]
4	Medium Coupons	5 years	12.22	12.15	[illegible]
5		15 years	12.36	12.32	[illegible]
6		25 years	12.32	12.30	[illegible]
7	High Coupons	5 years	12.24	12.19	[illegible]
8		15 years	12.94	12.90	[illegible]
9		25 years	13.00	12.96	[illegible]
10	Irredeemables		11.72	11.71	[illegible]

		Mon., Oct. 23 Index No.	Yield %	Friday Oct. 20	Thurs. Oct. 19	Wed. Oct. 18	Tues. Oct. 17	Monday Oct. 16	Friday Oct. 13	Thurs. Oct. 12
15	20-yr. Red. Deb & Loans (15)	56.69	12.09	56.65	56.66	56.66	56.69	56.70	57.00	57.22
16	Investment Trust Prefs. (15)	51.23	13.52	51.57	51.23	51.23	51.23	51.23	51.23	51.23
17	Coml. and Indl. Prefs. (20)	72.12	12.90	71.95	72.03	72.03	72.00	71.78	71.65	71.60

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

CORAL INDEX: Close 494-499

INSURANCE BASE RATES

†Property Growth.......................................10¼%
†Vanbrugh Guaranteed..................................10.25%
†Address shown under Insurance and Property Bond Table

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extral. Tst.	191.0	204.0		—

As at Sept. 29 Next sub. day Oct. 31

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$353.70		2.00
Jardine J'pn. Fd.*	HK$418.33		0.80
Jardine S.E.A.	$US19.98		1.80
Jardine Flem. Int.	HK$12.48		—
Intl. Pac. Secs. (Inc.)	HK$15.09		—
Do. (Accum.)	HK$15.24		—

NAV Oct. 16. *Equivalent $US87.21. Next sub. Oct. 13.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St Helier, Jsy CI 0534 73741

CMF Ltd Sept. 28	$US13.98	14.28		—
CMT Ltd. Sept. 28	£14.39	14.76		—
Metals Tst. Oct. 19	£12.90	13.22		—
TMT Oct. 13	$US11.39	11.69		—
TMT Ltd. Oct. 13	£11.11	11.40		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US16.31		—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
105½	100⅛	Treasury 11½pc '79	100⅛	—⅛	11.44	9.91
97	94¼	Treasury 3pc '79	95½	+⅛	3.14	8.05
97½	95¼	Electric 4¼pc 74-79	96½	+⅛	4.40	8.09
105½	99½	Treasury 10½pc '79	100¼xd	—⅛	10.47	9.99
96½	94¼	Electric 3½pc 76-79	95½xd	+⅛	3.65	7.57
103½	96⅛	Treasury 9pc 1980	97¼	—⅛	9.21	10.82
102½	97½	Treasury 9½pc '80	97½xd	—⅛	9.72	11.26
95½	92½	Treasury 3½pc 77-80	93½	—¼	3.75	7.86
96½	93¼	Funding 5¼pc 78-80	94½	—⅛	5.56	8.89
110½	101½	Exchequer 13pc 1980	102	—¼	12.69	11.78
106¼	99¼	Treasury 11½pc 1981	99½	—¼	11.57	11.73
91½	88¼	Treasury 3½pc 1979-81	89½	......	3.92	8.64
101¼	95½	Treasury 9¾pc 1981	96½	—⅛	10.14	11.61
97½	91½	Exch 8¼pc 1981	92½	—⅛	8.95	11.76
100¼	93½	Exch. 9½pc 1981	94½	—⅛	10.09	11.99
87½	85½	Exch 3pc 1981	86¼	—⅛	3.47	8.52
97⅛	95⅛	Treas Variable '81	95½xd	—⅛	10.27	11.88
111	101¼	Exch. 12¾pc 1981	101½xd	—⅛	12.53	12.08
99½	91⅛	Treas 8½pc 80-82	91½	—⅛	9.26	11.57
85½	82⅞	Treasury 3pc '82	84⅞	......	3.54	8.30
115⅞	104¼	Treasury 14pc '82	104½	—⅛	13.37	12.34
96⅛	94	Treas. Variable '82	94¼	—⅛	11.10	12.45
96½	89½	Treasury 8¼pc '82	89½	—¼	9.22	11.77
100¼	90⅞	Exch 9¼pc 1982	90⅞	—⅛	10.18	12.34
96½	88¼	Exch. 8¼pc 1983	82⅞	—⅛	9.85	12.18
85¼	79⅛	Exch 3pc '83	81½	—⅛	3.66	8.01
114¼	99⅛	Treasury 12pc 1983	99½	—⅛	12.07	12.20
100¼	89½	Treasury 9½pc '83	89½	—⅛	10.34	12.21

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
75	17	Antofagasta Rly	23½	......	—	—
41	33	Do. 5pc Pref.	41	......	—	—
95	98	Chilean Mixed	98	......	—	f5.09
415	350	German Yng. 4½pc	411	......	4½	—
54	46	Greek 7pc Ass.	50	......	3½	f7.25
51	46	Do. 6pc '28 Stab. Ass.	49	......	6	f6.22
44	40	Do. 4pc Mixed Ass.	40	......	4	f5.08

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 39¾% (based on US$2.0037 per £)
Conversion factor 0.7181 (0.7217)

CANADIANS

S.E. List Premium 39¾% (based on $2.3746 per £)

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BANKS & HP—Continued

Hire Purchase, etc.

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FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	170	......	Q60c	ϕ	21.4
24	15	Rhod'n Corp 16½p	16½	......	0.57	7.1	5.1
80	52	Roan Cons. K4	74	......	—	—	—
41	30	Wankie Col. Rh 1	31xd	......	Q9c	ϕ	17.3
17½	10	Zam Cpr SBD0.24	15½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	10	......	—	—	—
140	64	Bougainville 50 Toea	127	−4	†Q8c	1.4	4.0
131	63	BH South 50c	120	−1	—	—	—
820	150	Central Pacific	450	......	—	—	—
336	148	Conzinc Riotinto 50c	274	−4	‡Q10c	2.2	‡
27	9½	Endeavour 20c	21½	−1	—	—	—
72	45	G.M. Kalgoorlie $1	70	......	—	—	—
68	18	Hampton Gold $1	36	−2	—	—	—
140	81	Hampton Areas 5p	123	−2	t3.55	2.0	4.3
40	10	Metals Ex. 50c	30	−1	—	—	—
223	125	M.I.M. Hldgs. 50c	191xc	−1	Q9c	1.7	2.9
40	10	Mount Lyell 25c	39	−1	—	—	—
7	1½	Newmetal 10c	6¾	......	—	—	—

TINS

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	74	−2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	56	−1	—	—	—
17	9	Burma Mines 17½p	16	+1	—	—	—
300	215	Cons. Murch. 10c	235	......	‡Q30c	2.6	‡
465	245	Northgate C$1	370	−10	—	—	—
263	164	R.T.Z.	256	−4	9.5	2.8	5.6
90	30	Sabina Inds. C$1	52	−3	—	—	—
£12	750	Tara Explrn. $1	856	+31	—	—	—
85	43	Tehidy Minerals 10p	85	+3	ϕ1.35	ϕ	2.4
185	120	Yukon Cons. C$1	155	......	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	49	......
Bertam	17	......
Bdg'wtr. Est. 50p	330	......
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A	37	......
Ellis & McHdy	67	......
Evered	27	......
Fife Forge	52	......
Finlay Pkg. 5p	21xd	......
Graig Ship £1	140	......
Higsons Brew.	77	......
I.O.M. Stm. £1	172	......
Holt (Jos) 25p	256	......
N'thn. Goldsmith	66	......
Pearce (C. H.)	190	......
Peel Mills	21	......
Sheffield Brick	55d	−1
Sheff. Refrshmt.	64	......
Sindall (Wm.)	112	......

IRISH

Conv. 9% '80/82	£90½	......
Alliance Gas	90xd	......
Arnott	375	......
Carroll (P.J.)	100	+1
Clondalkin	89xd	......
Concrete Prods.	130	+2
Heiton (Hldgs.)	49	......
Ins. Corp.	190	......
Irish Ropes	100	......
Jacob	59xd	......
Sunbeam	33	......
T.M.G.	205	+5
Unidare	85	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¾
Cap. Counties	4½
E.P.	5
Intereuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¾

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES

Tuesday October 24 1978

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Carter will be tougher on pay

By Jurek Martin, U.S. Editor

WASHINGTON, Oct. 23.

PRESIDENT CARTER will tomorrow unveil the third and toughest anti-inflation policy of his presidency in a nationally televised address.

But neither industrial nor labour leaders seem to feel that whatever is proposed will have much effect—a view shared by both the domestic stock market, which has had the worst week in its history, and international foreign exchange dealers.

In addition, Democratic Party politicians are concerned that the programme could adversely affect the chances of Democratic candidates in next month's mid-term election, while some senior members of the federal bureaucracy have gone so far as to warn that they will fight against any diminution of their authority if this is implied in the President's proposals.

The centrepiece of the package will be the institution of "voluntary" wage and price guidelines. However, recent confusion over the targets for prices has served further to undermine confidence that the programme can be effective.

The basic goal will be to hold wage increases next year to an average of 7 per cent. The intention had been to have a lower 5.75 per cent goal for prices, but this has reportedly been revised upwards to the 6 per cent to 6.5 per cent range.

Today Mr. Jody Powell, the Press Secretary, denied adamantly that there had been any confusion. He said that no changes had been made to te Administration's approach in the past few weeks.

President Carter and most of the members of his Administration are philosophically opposed to mandatory controls over wages and prices. It would, therefore, constitute a major surprise if the President were to take that route tomorrow.

However, he does appear determined to exercise greater enforcement powers than contained in his first two mild anti-inflation programmes unveiled in the Springs of 1977 and 1978.

His sanctions will include suspending Government purchases from companies which either enter into inflationary wage settlements or which increase prices beyond the guidelines, threatening to deregulate those industries which currently enjoy a measure of protection from free market pricing, and even, in some cases, encouraging lower cost imports from overseas.

In general, the Administration seems willing to engage in far tougher "jawboning" of labour and industry. The Council on Wage and Price Stability is being strengthened to handle the additional load.

Mr. Carter will also be naming a new anti-inflation chief to replace Mr. Robert Strauss, who also serves as special trade representative and whose workload has been very heavy in recent months.

The favourite choice appears to be Mr. Alfred Kahn, head of the Civil Aeronautic Board, who won the President's admiration for his aggressive pursuit of the principle of removing controls from the civil aviation sector.

Nevertheless, scepticism about Mr. Carter's package is rampant. Mr. George Meany, the trade union leader, said he would prefer mandatory controls to the voluntary approach, which he believed would be tougher on labour than on industry.

Continued from Page 1

Sadat

that the draft treaty is acceptable.

Prominent members of Mr. Begin's own Herut party and the ruling Likud alliance have already said that they believe that Israel is giving away too much.

A tough fight is expected within the Cabinet on some points as Ministers who were unhappy with the Camp David accords fight a rearguard action against the evacutation of Sinai.

Wider 16-plus exam control proposed

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EMPLOYERS, trades unions and parents should have a powerful role in controlling a new national 16-plus examination, suggests a White Paper issued by the Government yesterday.

The inclusion of these "outsider" interests along with educational representatives in supervising the exam is part of a plan by Mrs. Shirley Williams, Education Secretary, to substitute a single 16-plus test for the present dual system of General Certificate of Education Ordinary levels and the Certificate of Secondary Education.

Mrs. Williams said yesterday: "Exams are not just about what the education system wants, but about what girls and boys take into the outside world and what is acceptable there."

The White Paper—which will not be publicly available until a Stationery Office dispute is settled—recommends a two-tier control mechanism in which industrial and parental representatives will share responsibility with local education authorities and institutions of higher and further education, as well as with schoolteachers.

All of these interests, none of which would have a majority, would take part in supervising the four or five boards administering the new General Certificate of Secondary Education exam which, if approved by Parliament, would probably be introduced in English and Welsh schools about 1985.

The same partners would also share control of a central committee set up to check and co-ordinate the standards and arrangements adopted by the individual boards, which would be formed from the present eight GCE and 14 CSE examining bodies.

Terry Kirk

Mrs. Shirley Williams . . . claimed support

The co-ordinating committee would be responsible for guarding against any decline in standards and also for ensuring greater consistency in the educational attainment required by the different examining boards for the award of a given grade.

The proposals seek to protect standards by providing for pupils of high academic ability to sit extra, more demanding papers in some subjects such as mathematics to qualify for the highest grades. In other subjects top scholars would sit entirely different papers from the less academic candidates.

Mr. Norman St. John-Stevas, Conservative spokesman on education, described the plan as "an act of reckless folly." He doubted that it would preserve high educational standards or gain the confidence of people and organisations outside the schools, including industry and commerce.

Modifications would have to be made before the Conservatives would support the change. He would be outlining his party's proposals on Thursday.

Mrs. Williams, however, claimed that the White Paper had the backing of both Conservative-controlled associations of local authorities, one of which felt that the change would improve standards.

The Confederation of British Industry felt that the proposals did not go far enough to ensure that standards would be maintained in practice but believed that the White Paper provided enough time for the necessary development work to be completed before the change was made.

The Trades Union Congress and the teachers' union generally welcomed the plan.

Like the present dual exams, the new test would not differentiate between "pass" and "fail." Instead, it would lead to the award of seven gradings.

Levels one to three would coincide with the old O-level pass which is now represented by O-level grades A to C. The remaining new grades would coincide with the present CSE rankings two to five.

Grading would be based on the assumption that the new exam would be taken only by the most academically able 60 per cent of pupils in the eligible age range, who could enter in any number of subjects.

The ranking arrangement would mean that in the mass-entry subjects a grade of three or better would be awarded to about two in every five entrants. Grade six or better would be given to approximately five in every six candidates.

Editorial Comment, Page 18

British Steel to 'mothball' £60m reduction plants

BY RAY PERMAN, SCOTTISH CORRESPONDENT

TWO DIRECT reduction plants—the first of their kind in Britain—being built for the British Steel Corporation at a cost of £60m are to be "mothballed" as soon as they are completed next spring.

The new units, under construction at Hunterston, Ayrshire, would have provided 150 jobs for steel workers made redundant from obsolete plants elsewhere in Scotland, but recruitment will not start until at least 1980 and it might be much later.

The decision, already taken by the corporation but not yet announced, reflects the drepressed demand for steel. The new plants, being built by Korf A Gof West Germany, will be "cold commissioned" (tested mechanically and electrically) but their gas-fired kilns will not be started up.

Direct reduction of ore to make iron pellets as a feedstock for electric arc steelmaking is a relatively new process and there is only one other similar installation in Europe.

The method is intended to provide an alternative for scrap as a raw material for steel production, and the Steel Corporation has always stressed that it intended the Hunterston units—which will be able to produce 800,000 tonnes of pellets a year—to work flexibly.

But the present low price of scrap means that for six months at least after their completion in March or April the two plants are unlikely to be worked at all, and afterwards will be run at less than full capacity.

The long-term viability of the development has been weakened by the Government's decision earlier this year to cancel proposals for electric arc furnaces at Hunterston and Ravenscraig, Lanarkshire, on the grounds that they would add to already under-used capacity.

There are two existing electric arcs in Scotland, at Hallside and Clydesdale Tube Works, Bellshill, but at peak output they would jointly consume less than the production of one direct reduction unit.

The alternative of transporting pellets by rail to Sheffield will be economic only when the price of scrap is high.

The 1400-acre site at Hunterston, much of it reclaimed from the sea, was to have been used for a modern integrated steelworks on the Japanese pattern.

Now only the ore trans-shipment terminal, being built at a cost of £100m, and scheduled for completion next summer, looks like becoming an early reality.

News Analysis Page 8

Deadlock in hospitals dispute

BY OUR LABOUR STAFF

UNION representatives and management in the nationwide hospitals dispute renewed attempts to break the deadlock yesterday as industrial action by 3,500 National Health Service works supervisors entered its fifth week.

Earlier in the day, Mr. David Ennals, Secretary for Social Services, had made a fresh appeal to the supervisors to call off their action in the face of mounting disruption to hospital services, lengthening waiting lists and increasing danger to patients.

"The unions have nothing to lose if they call off their action now," he said. Negotiations could still continue on their grievances.

After a weekend in which relations between Mr. Ennals and the unions markedly soured over his reference on Friday to patients dying because of the industrial action, the Advisory Conciliation and Arbitration Service succeeded for the second time in bringing the two sides under its roof for further talks.

But after several hours of talks in separate rooms at the ACAS headquarters in London, unions and management were still apart last night with no sign of a break in the deadlock.

Mr. Ennals met the chairman of the management side during the morning as evidence mounted of individual patients' sufferings. A telegram from Sir John Donne, chairman of the South East Thames Regional Health Authority, included a statement that a number of patients with "lumps," some of which were likely to be malignant, were not being seen.

On the latest assessment of the dispute's impact throughout the country, 9,000 beds are said to be out of action, and 30,000 patients added to the waiting list. Operating theatres are also having to restrict their work.

The works supervisors are restricting repairs to hospital machinery in support of their claim for an improved pay grading structure. They have asked for a 15 per cent guaranteed bonus to solve an anomaly which, under the present offer, would leave some of them worse off than the craftsmen who work under them.

Shake-up of bank unions proposed

By Nick Garnett, Labour Staff

THE FORMATION of a new TUC-affiliated trade union in the finance industry with a membership of more than 200,000 is proposed in an independent report on bank staff representation published yesterday.

The report, by Dr. Tom Johnston, chairman of the Scottish Manpower Services Committee, proposes a radical change in the organisation of unions within the five main English clearing banks.

It is likely to have widespread repercussions on union organisation and could have implications for union recruitment in insurance companies, building societies and other financial institutions besides banks.

The report was commissioned by the Federation of Bank Employers in co-operation with the unions and is now being studied by the parties.

Officials in some of the staff organisations are almost certain to be very wary of the report's conclusions, which are likely to cause some problems for the TUC.

Because of the relatively narrow confines of the report, it will not end union squabbling outside the five banks.

The Association of Scientific, Technical and Managerial Staffs, which has members in both banks and insurance companies but has not been directly involved in the inquiry, gave notice yesterday that it would fight the proposals.

The inquiry was set up after the disintegration earlier this year of national negotiating machinery within the five banks — Barclays, National Westminster, Midland, Lloyds and Williams and Glyn's.

The break-up was brought about by the withdrawal from the arrangement of the TUC-affiliated National Union of Bank Employees as part of its long-standing feud with rival staff associations in the banks.

Demise

Dr. Johnston, whose brief was to examine staff representation in the five banks, proposes the formation of a single staff section for those banks made up of NUBE's members and those in the staff associations at Barclays, National Westminster and Lloyds. There are no staff associations at the other two banks.

This new staff section would be created through a merger under the 1964 Trades Union Act. Dr. Johnston envisaged progress towards this end by the middle of next year.

This would mean the demise of the non-TUC-affiliated Confederation of Bank Staff Associations—the umbrella body for the staff associations which represent a total of more than 80,000 employees.

The new union would have subsidiary sections with autonomy over domestic matters within individual banks. It would also be part of a wider umbrella body, incorporating NUBE's members outside the five banks, which would be affiliated to the TUC.

Dr. Johnston said yesterday that this arrangement would provide a unified structure, with great opportunities for improving staff morale and productivity and boosting employee participation.

Mr. Leif Mills, NUBE's general secretary, Mr. Eddie Gale of Barclays Group Staff Association, and Mr. Wilf Aspinall of the confederation agreed that the report was imaginative, with many positive points, and needed careful study.

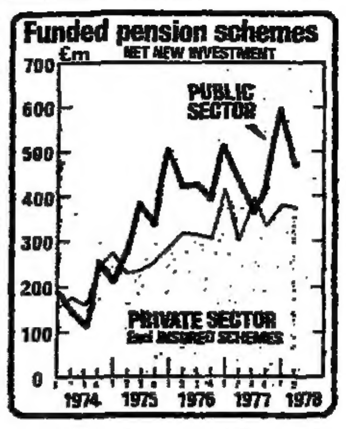
The report, however, recognises the difficulties in trying to weld together TUC and non-TUC-affiliated staff organisations, some of which have developed extremely bitter feelings towards each other.

Details Page 10

THE LEX COLUMN

Painful U.S. birth for Mothercare

Index fell 4.6 to 495.6



After Marks and Spencer's impressive performance last week—its pre-tax profits jumped by 40 per cent—a 9 per cent increase in Mothercare's interim pre-tax profits to £7.0m looks decidedly pedestrian. However, what really caught the eye—and sent the shares 8p lower to 160p—was the size of the American loss. From just £33,000 in the same period last year, this has mushroomed to over £1.0m in the latest half year and Mothercare does not now expect to be back in the black until early 1981.

Mothercare is not playing down its U.S. problems. It entered the market two and a half years ago (after an abortive effort to enter Japan) when it bought the Dekon Corporation for what seemed to be the ludicrously cheap price of £680,000. The big attraction was Dekon's 112 stores but these are now clearly proving to be a millstone. They are too small to take Mothercare's full range, added to which the American management compounded Mothercare's problems by making some expensive buying mistakes. As a result, there have had to be some heavy markdowns and the management has been reshuffled. Meanwhile, Mothercare has been opening up new U.S. stores under its own name but it is still much too early to tell whether Mothercare's highly successful formula as a specialist UK retailer can be transplanted with the same success overseas.

If it can be done, then Mothercare should be able to maintain its impressive growth record. It reckons that its current heavy U.S. overheads are sufficient to cover ten times the current business level, which means that if the U.S. operation runs well it could be generating sales of £100m plus and pre-tax profits of £10m or more. However, this is still some way down the line and until there is firm evidence that Mothercare has got to grips with its U.S. operation it will be relying on the UK side and to a lesser extent Europe, to provide the growth.

UK profits during the period rose by nearly a quarter on the back of volume increase of just under a tenth. With seven new stores coming on stream in the second half and further volume growth Mothercare should be able to boost its profits from £13.9m to £16m-£17m say. Assuming e.p.s. of 12p this puts the shares on a multiple of just over 13.

Institutions

The kites were flying high over Staple Inn last night as Mr. Peter Moody—joint investment manager of the Pru—delivered a controversial presidential address to the Institute of Actuaries. His message was a clear one: the investment institutions must accept their responsibilities as the dominant shareholders in industry, and they must establish a strong independent voice, as representatives of millions of policyholders, in the political arena. Mr. Moody wants the institutions to have a place, at least occasionally, at the bargaining table where the Government, the TUC and the CBI already sit.

It is encouraging that such a leading institutional spokesman should be making these points in public. All too often the institutions prefer to leave controversial questions to sub-committees meeting behind closed doors. And while Mr. Moody is a hawk on many key investment issues, he must have known there were certainly many doves among the actuaries in his audience.

Many institutional fund managers, for example, are nervous of the eventual political response to the various gilt-edged "confrontations," the most recent of which took place in the spring and early summer. Some of the insurance companies, at least, if not the pension funds, would probably be prepared to settle for a modest degree of direction into gilts.

But there was a strong element of wishful thinking in his "logical" solution to the problem of the public sector funded pension schemes, piling up money on a scale potentially out of proportion to the size of private sector investment opportunities. According to Mr. Moody, the majority of the cash flow should be invested in Government stocks, "given the nature of the employer." But he did not give an actuarial explanation of why it would be suitable for such schemes to invest largely in fixed interest stocks. His suggestion can easily be seen as a way of keeping at bay the public sector funds whose employers, he complained, do not generate an open market demand for equity (unlike, presumably, the insurance companies like the Pru which have selflessly flocked to the rights issue queue).

Mr. Moody's most direct criticisms were reserved, however, for the unnamed institutions "currently not contributing" to the expansion of investor/management contacts. The implication is that institutions like the Pru are bearing an unfair share of the burden of keeping in top-level touch with companies.

Irish gilts

A rainbow stretches from Throgmorton Street to Dublin; the crock of gold is presided over by the Irish Government broker. Yesterday the move into Irish Government stocks, given momentum on Friday by an insurance company and a merchant bank, gathered pace while the UK gilt market was slipping back. Irish equities were also in demand.

The prospect sustaining the buying is the possibility that the increasing divergence of the Irish and British economies may persuade the Irish Government to join the European Monetary System even if Britain stays out. Holders of Irish gilts could then look forward to a currency gain, a capital gain as Irish interest rates came down, and perhaps a profit through the dollar premium for good measure.

On very high coupon gilts the yield differential between Dublin and London has come down to around 30p from the more usual 80p. (There are bigger differentials on lower coupon stocks.) Blocking the path to instant riches are the enormous practical difficulties of divorcing the currencies. Still, the high yields on the gilts reduce the risks of speculation to a minimum, and we may yet see the punt added to the list of currencies in the Bureaux de Change.

Weather

UK TODAY

MOSTLY dry, with sunny periods. Some rain in Scotland.

London, S.E. and Cent. S. England, East Anglia, E., W. Midlands, Channel Is.

Dry, sunny periods. Max. 15C (59F).

N.E., E. and Cent. N. England, Borders, S.W. England, Wales

Mostly dry, sunny spells. Max. 15C (59F).

N.W. England, Lakes, I. of Man, S.W. Scotland, N. Ireland

Mostly dry. Drizzle on coasts. Max. 14C (57F).

Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll

Outbreaks of rain. Max. 12C (54F).

Orkney, Shetland

Showers, sunny intervals. Max. 10C (50F).

Outlook: Mostly dry and sunny. Overnight fog.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsterdm.	F	13	55	Madrid	S	19	66
Athens	C	17	63	Manchstr.	F	13	55
Bahrain	S	30	86	Melbourne	C	25	77
Barcelona	S	20	68	Milan	S	10	50
Beirut	C	25	77	Montreal	R	6	43
Belfast	C	11	52	Moscow	Sn	1	34
Berlin	C	11	52	Munich	C	9	48
Brmghm.	S	13	55	Newcastle	C	12	54
Bristol	S	14	57	New York	C	21	70
Brussels	F	13	55	Oslo	F	4	39
Budapest	F	12	54	Paris	C	14	57
B. Aires	C	19	66	Perth	C	20	68
Cairo	S	31	88	Prague	C	8	46
Cardiff	C	13	55	Reykjavik	C	4	39
Chicago	C	9	48	Rio de J'o	S	23	73
Cologne	F	13	55	Rome	S	20	68
Dublin	C	13	55	Singapore	S	30	86
Edinbgh.	C	12	54	Stockholm	S	5	41
Frankfurt	C	12	54	Strasbrg.	C	13	55
Geneva	S	14	57	Sydney	S	22	72
Glasgow	C	12	54	Tehran	S	23	74
Helsinki	F	3	37	Tel Aviv	F	26	79
H. Kong	S	24	75	Tokyo	C	20	68
Jo'burg	C	20	68	Toronto	C	5	41
Lisbon	S	20	68	Vienna	F	13	55
London	S	15	59	Warsaw	F	5	41
Luxembg.	F	12	54	Zurich	C	11	52

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	20	68	Jersey	C	14	57
Algiers	S	21	70	Las Plms.	S	23	73
Blackpool	C	13	55	Locarno	S	22	72
Bordeaux	F	18	64	Majorca	S	21	70
Boulogne	S	13	55	Malaga	S	21	70
Casblnca.	S	24	75	Malta	F	18	64
Cape Tn.	C	19	66	Nairobi	S	24	75
Corfu	S	20	68	Naples	S	19	66
Dubrovnik	S	17	63	Nice	S	19	66
Faro	S	22	72	Oporto	S	21	70
Funchal	S	21	70	Rhodes	S	21	70
Gibraltar	S	20	68	Salzburg	C	13	55
Guernsey	F	15	59	Tangier	S	25	77
Innsbruck	R	9	48	Tenerife	F	18	64
Inverness	F	12	54	Tunis	F	22	72
I. of Man	F	12	54	Valencia	S	21	70
Istanbul	F	15	59	Venice	F	15	59

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

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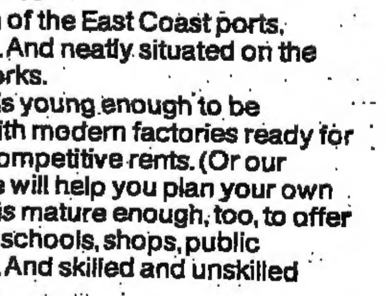

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Callaghan resists party challenge

Continued from Page 1

fit Britain, whether it would stabilise exchange rates, and whether it would work if the inflation and growth rate of member-countries were not the same.

Mr. Healey seemed to adopt a more neutral stance and said that if EMS could help Britain "at an aceptable price,t hen we should seriously consider it."

He repeated earlier British demands that there should be an arrangement that ensured stronger currencies and met a greater part of the support costs, and reform of the Common Agricultural Policy.

Peter Riddell writes: The apparent failure of the UK so far to win significant concessions from West Germany and France on the proposed monetary system has not altered the intention to continue negotiating in an effort to clarify the terms before a decision is reached.

However, the special Cabinet committee on the scheme has ordered an inquiry into the implications if the UK decides not to join on January 1, and also into a variety of intermediate arrangements.

Among the possibilities being investigated is the option that the UK might not become a full participating member immediately but with the intention of joining later when domestic inflation prospects permitted, and meanwhile would continue talks with the rest of the EEC.

But the political position remains fluid and the Prime Minister, who has been committed in principle to the scheme, has so far not given his views to the rest of the Cabinet.

The next stage of the talks in the EEC is likely to be at an official rather than a Ministerial level.

This will involve more detailed studies into whether transfer of resources within the Community in the Budget and Common Agricultural Policy can be improved.

A report is due to go to the Heads of Government summit in Brussels in early December.

Meanwhile other officials will attempt to reconcile differences about how the scheme will operate before a meeting of Finance Ministers on November 20.

It is unlikely that any formal Cabinet decision on the terms will be taken before then.

Adrian Dicks in Bonn writes: Chancellor Helmut Schmidt's determination to see the proposed European Monetary System come into operation next January appears to be running into increased opposition in West Germany.

Two of the most distinguished independent voices warned today that an EMS acceptable to West German economic interests would probably not be able to hold together.

In contrast to the objections raised here last week by Mr Callaghan and Mr. Healey, the points raised by leading non-official economists carry the implicit fear that the Chancellor may be leaning in the direction of excessive flexibility.

The joint working party of the five leading economic research institutes warned in its autumn report that under present divergent inflation rates, the prospects for a European currency union were even less favourable than in 1972.

There appeared, the report said, little chance that measures to reduce this divergence could be taken in the immediate future.

"As a result, the central rates for individual currencies would have to be changed so often that this would contradict the monetary system's aim of stabilising parities.

"If the central rates were held too long, then the resulting strain would sooner or later break up the system. Nothing would have been gained for the unification of Europe. On the contrary, hopes would once again have been disappointed."

In an entirely separate position paper, the Economics Miinstry's panel of advisers appealed to the Government to put monetary stability first. The alternative EMS models under consideration should be judged according to how far they would contribute towards this goal.

Countries already "closer to this objective should not, through the intervention mechanism, be obliged to make major departures from their stability-oriented policies.

On the contrary, the intervention mechanism ought to be set up in such a way that a policy allowing above-average inflation would be incompatible with EMS membership."

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